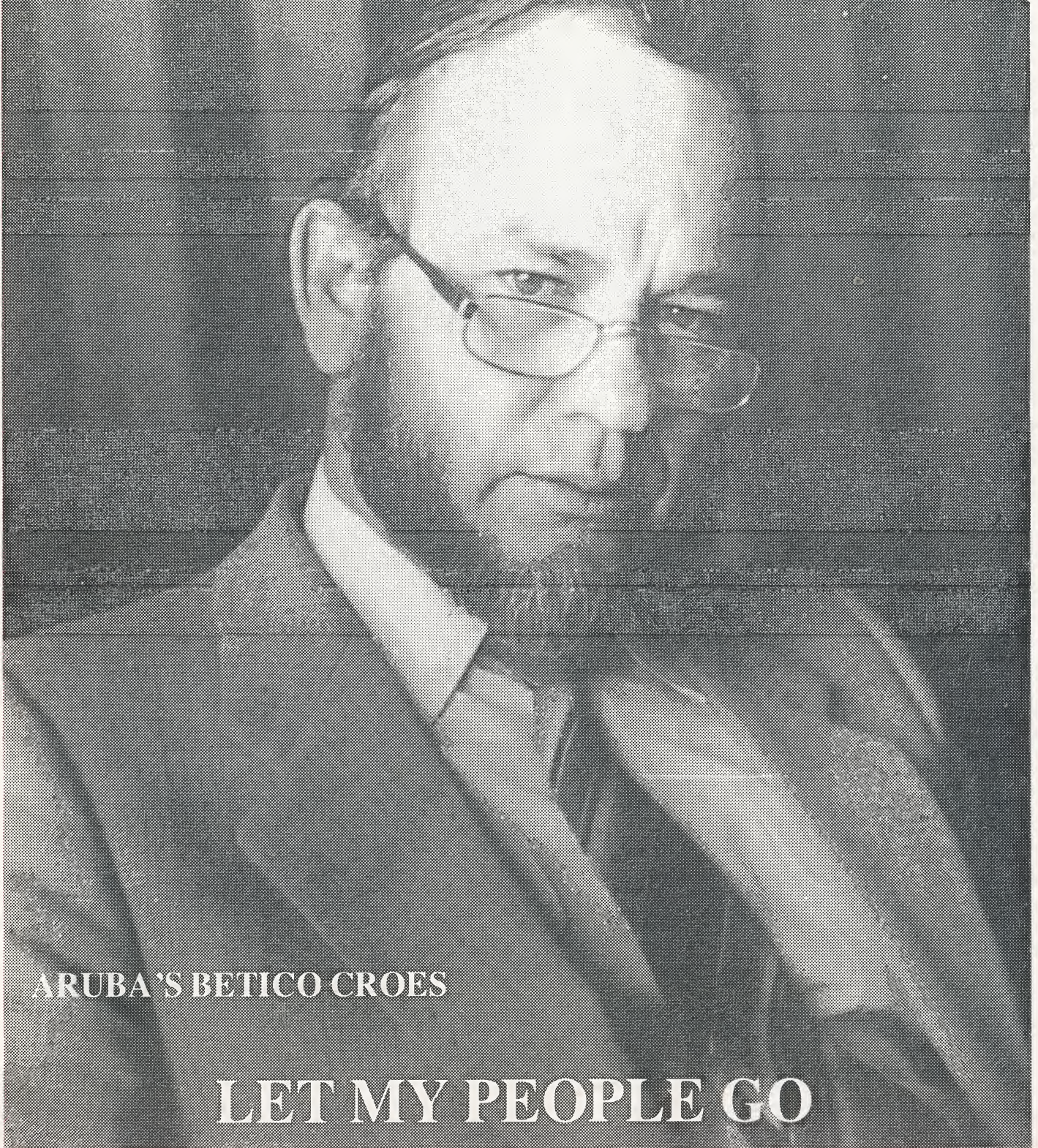


March 1, 1985

ANTILLEN REVIEW

SYNOPSIS
OF
A BLEAK SITUATION



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FROM THE EDITOR

Troy's oracle Cassandra was fated to prophesy truly and yet be unbelievied. To attach her name to this issue of Antillen Review would be beside the point for several reasons. For this rather gloomy report — and that it is without doubt — has no intention to forecast doom. What it does present its readers with is a hard look at the facts. We believe that a profound realization of the critical position the country is in, is a first step towards changing the course of history. We do agree with those who loath wallowing in pessimism. But we do not agree with ignoring reality. Things are not well in the Antilles, not well at all. That should be said and squarely looked in the face. For only when that is done can adequate policies be developed to lead the country away from worse.

Neither does the magazine fit the category of 'unbelievied'. Not because it is a more convincing prophet than Cassandra was, but because the number of concerned citizens is growing fast. There is a distinct awakening to

the fact that a fair percentage of the ills presently besetting the country can be healed. But make no mistake, such an awakening is a far cry from optimism. The obstacles to a change for the better are tremendous. They are dealt with extensively in the following pages. Basically they point at the need for courageous leadership.

Most of what has to be done may at first sight appear to be ruinous for political career-making. But to give in to that rather shallow and self-serving argument would be making the political mistake of the hour. It would reveal, moreover, bad judgement of the country's mood. Those who are willing to support sound policies of reconstruction are many and their number is increasing. A development which should not only be encouraging to those entrusted with the country's leadership, but to all who are genuinely concerned about the Netherlands Antilles. Thus no messenger of bad tidings, but rather a contribution to remaking the country is what this issue intends to be.

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SYNOPSIS OF A BLEAK SITUATION

The chilling truth that a total economic collapse might well be the country's fate within two years has at last dawned upon a wide spectrum of the nation's decision makers. What those who kept a close eye on the figures knew for some time, suddenly became a common anxiety. All four mainstays of the economy — oil refining, offshore finance, tourism and commerce — showed signs of being in danger of an accelerating decline. And worse, the machinery of government, people began to realize, constitutes not only the main hindrance to change the course of events, but might in the end prove to be the millstone which will drag the country down.

Towards the end of 1984 and none too soon the national government asked for in depth analyses of and advice on how to stave off the looming crisis. A first and hurriedly prepared paper by a group of government department heads minced no words: announce a general wage-cut of 15%! In the first instance this led to widespread protest. The government backed off at least temporarily. The harsh proposal, however, also had a most positive effect. People were shocked to their senses. Both within and across the borders of the trade-unions, private enterprise and government people began to meet to look for a way out. At the time this issue of AR went to the presses, that process was both broadening and deepening. Thus if we present our readers in the following pages with a synopsis of the situation we do so not without a measure of hope. Flexibility in the face of changing situations has in the past been one of the stronger characteristics of Antillean society. It may once more enable in particular Aruba and Curaçao, which seem hardest hit, to survive.

Downpour of setbacks

Some date the beginning of the economic curve's bending down somewhere around 1982, when the tail effect of the world recession was first felt in the Antilles. Others go further back, arguing that for at least ten years the government in general did little else than expand, and as a result become less productive and more expensive. A single-minded concern with social issues saddled the country with the highest cost factor in the entire Caribbean. As a result the economy was weakened from within and only kept afloat by the windfall of extraordinary high revenues from the off-shore and refining sectors. Both theories are right.

The world recession began hurting the economy in particular of the A-B-C islands in the fall of 1982. Early 1983

the Venezuelan bolivar devaluated. Tourism originating from that country fell by more than 70%. As the Venezuelans had been coming for years on buying sprees, business in downtown Willemstad and to a certain measure also in Oranjestad suddenly became very slow. Soon the first shops began to close down. Structural problems, in the meantime, began to show themselves in the figures of the ALM, the Curaçao Drydock and the Shell refinery. All around companies were experiencing a negative trend. An official inquiry covering 135 companies, together providing 40% of all employment, shows that 1600 people were laid off in the last two years.

In July 1984 the USA eliminated the so-called 'withholding tax', thereby virtually closing down what had become known as the Antillen-route. Tax revenues from that source, which in 1984 accounted for more than 30% of the government's income, will start to dwindle in 1987. The resulting loss of confidence in the future reliability of the country is already having its effect.

In October of last year EXXON announced the closure of Lago, its Aruban refinery. The decision will take effect on March 31st of this year. The economic implications for Aruba are staggering. Unemployment will rise to 40% within a couple of months. The immediate loss of income for the government, which already faced a deficit of Naf. 80 million in 1984, will amount to approximately Naf. 60 million. This figure does not even include the loss of tax revenues caused by the side-effects of Lago's departure.

In the same month SHELL notified the Central Government of extremely worrisome developments with regard to its Curaçao refinery. To guarantee continuation of production, the government was told, a drastic cut in costs (wages), the laying off of hundreds of workers, government participation in the company and a guaranteed increase of crude supply would be necessary. The implication being that even if Shell stays, the price in economic terms will be heavy. In the event the company will also have to close down, one must speak of a catastrophe, which will change the face of the island for generations to come. The ramifications of this train of setbacks has already caused an acceleration of the downward slide in the other sectors of the economy.

Those who point a finger at government and politics, however, also have a point. During the past ten years almost all legislation proposed and passed was of a social security nature. The country and in particular Curaçao be-



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came prohibitively costly for foreign investors. Existing companies immediately ran into problems, as indicated above, when the world recession began to have its effects on the economy. In the period 1980-1984 government income increased at an exceptionally high rate. Due to a windfall from the offshore tax revenues in Curaçao rose with 81% from Naf.370 million in 1979 to Naf.670 million in 1984! Government expenditure, however, not only kept pace but outdid this rate of growth. Not, it should be noted, because the extra income was invested in labour and income generating projects. On the contrary, all the extra millions were swallowed up by the public sector itself. Bad management and a shortsighted policy with regard to unemployment allowed this sector to grow beyond any reasonable limit. Overstaffed, the civil services began to show signs of serious inefficiency, causing a further hindrance to economic development.

The constitutional development, which became rather pressing in the same period, not only demanded much if not too much of the ruling politicians' time and energy, they also caused a serious stagnation in the decision making process. Every possible step had to be weighed against the repercussions it might have with regard to the constitutional issue. In this the Netherlands played a rather dubious role. Intent to push the Antilles into independence the Dutch used the Aruban cause as a leverage. At present all they seem to have achieved is a desintegration of the entire Netherlands Antilles. Thus both economically and constitutionally the Antilles appear rapidly to be approaching the end of the road.

This, although it may seem a *contradictio in terminis*, we hope to show in the following pages may very well be for the better. There is now no escaping from setting order to the government's house. Nor can Holland permit itself to go down once more in history as a failure with regard to decolonization. More positively there is every indication that the best minds both within the Antilles and abroad are joining forces to get the islands back on their feet.

Unemployment

To speak of the Netherlands Antilles as one country is in more than one sense a fallacy. It is so constitutionally, but from almost every other angle it is not. This is particularly true when dealing with the economic aspect. Basically there are six economies, each with its own problems demanding their own solutions.

St. Maarten, which has put all its eggs in the one basket of tourism, is at present doing extremely well. It is a dollar island and has no unemployment problem whatsoever. Saba and St. Eustatius each with a population of approximately 1000, on the other hand, have to a fairly large extent become dependent on outside assistance. It is in the larger economies of Aruba and Curaçao that the basic problems are being revealed. What applies to them is in general also true of Bonaire, be it on a much smaller scale.

The economies of Aruba and Curaçao both developed on the basis of one single activity: oil-refining. Developments of the last decades, like automatization, caused an unemployment problem of a structural nature. A problem which, because of exceptional circumstances, did not surface in its full dimension until recently. During the

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1970-ties the 15%-20% unemployment in Curaçao was concentrated mostly in the less skilled part of the labour market. But in that same period, it should be noted, the island's economy was marked by a considerable growth. A contradiction caused by too high a level of labour-costs in relation to productivity.

By the end of the decade the situation had in fact grown much worse than the official unemployment figures indi-

cated. In the sectors of tourism, government and Shell many more people were kept employed than was necessary from an efficiency point of view. Revenues generated by exceptional developments made the financing of this phenomenon possible. A first warning was sounded when in 1978/1979 the government ran into balance of payment problems. The national cabinet announced its intention to slim down and reorganize the civil services. But no execution followed the announcement of plans. The sudden increase of revenues from the off-shore sector allowed both the national and island government to continue as before. In fact the situation only worsened, as the government expenses kept going up.

Price developments in the oil sector had very much the same effect with regard to a most necessary rationalization at Shell. The level of labour cost only went up instead of down because of too much leniency on the part of the refinery's management with regard to union demands. As Shell has always been regarded as a trendsetter on the island, the other sectors followed suit. The steep increase in revenues from the oil industry led to rapid economic growth (and overspending) in Venezuela. Curaçao profited handsomely from this development as scores of Venezuelans came to the island on a buying spree. Because of this windfall the decline in tourism from the structurally most important market, the USA, went unchecked if not unnoticed. Even before the devaluation of the bolivar the island government began subsidizing the hotels, most of which are now government owned, in order to keep the unemployment rate from going up further.

All of this, it should be realized, was only possible because of exceptional circumstances. In other words Curaçao's economy has been steadily undermined by allowing the cost of production and in particular of labour to go up far beyond what was and is warranted by the island's basic economic activity. The same is more or less true of Aruba with one major exception. In contrast to Curaçao tourism was developed during the past ten years into a second mainstay of the island's economy. The American market, instead of being neglected, was given first priority.

Close and dynamic co-operation between the private sector and government resulted in a steady growth of the industry. But in the realm of government the same mistakes were made as in Curaçao. The exceptionally high tax revenues from the oil refinery in 1982 and 1983 were spent as fast as they came in. Also in Aruba the level of wages was thus kept at an unnaturally high level. Now that on both islands the exceptional circumstances are terminating all at the same time, a drastic lowering of the cost level is a must from which there is no escaping. Nor is there escaping the fact that government on all levels will have to lead the way, no matter how unpopular that may be.

Government

Inflated government, according to most observers, is the Antilles' principal economic problem. The 1984 budget shows a figure of Naf. 1.2 billion, which equals no less than 50% of the total G.N.P.! A percentage which compares very unfavourably even to highly socialized countries like Sweden and Holland. For this reason the

government cannot simply leave the necessary scaling down of wages to the private sector. On the contrary, it will have to take the lead. More urgently so, as the productivity of the services offered fall considerably short of the bill the community is presented with.

As noted above during the balance of payments crisis in 1978/1979 it was acknowledged that the total number of civil servants would have to be brought down and that a thorough reorganization of the services was required. Since then the ranks of the civil services have only swollen and efforts at reorganization resulted mainly in a costly upgrading of functions. It should also be observed that during the last 14 years the national and island governments combined ran a yearly deficit. Due to the relatively favourable economic climate these deficits could be financed by public borrowing. Now that the economy has taken a turn for the worse the total debt amounting to Naf.330 million only aggravates the situation.

Analyzing the combined budgets of Aruba, Curaçao and the Central Government and taking into consideration Lago's closure and the general economic trend, a total deficit of Naf.206 million is estimated for the current year. The figure for 1986 reads no less than Naf.369 million!

The implication for the Central Government, which has been running a yearly deficit of over Naf.50 million since 1980, is that a 10% wage cut of its civil servants will not suffice by far. Such a measure would not save much more than Naf.25 million. As public borrowing is no longer possible, much more drastic measures are needed.

The 1984 deficit of Aruba's government is estimated to run up to Naf.80 million. In that year, it should be kept in mind, Lago not only employed 900 people (and an additional 1300 through sub-contractors), but also contributed Naf.48 million in taxes. If no measures are taken, the deficit will soon be larger than the income figure! The announced wage cuts will not suffice. If only this method were to be employed, not even a 100% cut would give the required result.

Curaçao's position is only slightly different. The exceptionally high tax revenues from the off-shore sector presently take care of irresponsibly high expenditures. But this source will begin to dry-up after 1985. The estimated deficit for 1986 consequently will be around Naf.125 million. The implication is that Curaçao still has a short time left to set order to its house and start investing in productive and labour generating projects! That is assuming that Shell will stay on the island for at least a reasonable number of years.

From the above it should be clear that a drastic cut in government expenditure is an absolute must. But whether the political powers will have the courage to act accordingly is still an open question. With elections coming up later this year, many expect them to favour limited action in the margin rather than a profound approach. Such an approach, most experts say, would involve both reducing the size of the civil services and cutting wages as well as general costs. In 1984 salaries and wages amounted to 49% of the total budget of the Central Government. The same percentage applies more or less to Aruba and Curaçao. ▶

For Aruba a 25% wage cut is deemed a minimum. This, however, will not solve its problems by far. External aid therefore will be needed to help it rebuild its economy. In this connection, it should be noted, that status aparte will certainly in the beginning not make things easier. The implied costs are quite considerable. The rapidly weakening financial position of Aruba has, moreover, at least two unwelcome consequences for the other islands. The island government, first of all, can hardly be expected to be able to pay its dues to the Central Government. And secondly it will certainly not be in a position to contribute to the so-called Solidarity Fund after status aparte has been realized. The fund, the idea of which was conceived at the Round Table Conference in the Hague two years ago, is supposed to guarantee the smaller islands the financial assistance they need. As AR predicted at the time, this issue has become a serious obstacle in working out the future relationships among the islands. In fact all progress on constitutional matters has been halted. With a view to the economic situation this must be considered most unfortunate.

For it may in turn seriously hamper the decision making with regard to the pressing financial and economic issues.

The private sector

Against the background of the disproportionate large role of government in the Antillean society, it seems only logical that private enterprise ran into problems as well. The general wage trend, legislation with regard to social security and dismissal procedures as well as a heavy tax burden created a most unfavourable climate. The findings of an official inquiry into 135 companies last year confirm this statement.

In 1981 50% of these companies still reported an increase in their annual turnover. In 1984 the percentage had gone down to 30%, while only 20% expect growth in 1985.

In 1982 no more than 68% of these economically speaking more important firms was making a profit. In 1983 almost 50% — among which the leading exporting companies — reported a loss.

In 1983 the total figure of employment was 19087. One year later 701 persons less were employed. A decline of almost 4%! Against the background of the latest official unemployment figures (1981!) which read 9.5% for Aruba and 20% for Curaçao, this development does not exactly yield an encouraging picture.

Lago's closure on the 31st of March next will increase Aruba's ranks of unemployed with 1600 persons. On top of that it is estimated that another 4000 jobs will be endangered. As a consequence unemployment on the island might run up to 40%. One of Shell's recently announced conditions for staying on in Curaçao is that 400 to 500 workers will have to be sent home. At the Curaçao Drydock the figure is 245. Also the ALM will have to slim down its work-force. In brief, it is estimated that this island's total employment figure will decline with 10% or 5000 jobs. Taking into account the inevitable reduction of the civil services, it is estimated that between 1985 and 1990 no less than 10,000 jobs will have to be created to cope with the unemployment problem.

From this it may be deduced that also in the private sector a reduction of production costs by lowering wage levels is an absolute necessity to restore viability and save jobs. Such a development would in turn restore confidence in the economy and might lead to new investments creating additional labour.

Measures

Short-term solutions to a crisis of the magnitude the Netherlands Antilles presently is facing unfortunately do not exist. But it should be obvious that a number of steps will have to be taken at short notice in order to avert a total collapse. Suggestions as to what should be done vary. Most authoritative voices in the country, however, agree on the following. The government should no longer postpone setting order to its own house. This will involve bringing down the number of civil servants to an acceptable level as well as a substantial wage-cut. Opinions differ as to whether the government should announce a general wage-measure. Many feel that the private sector would with differentiations in the respective sectors respond by itself. Prices too, it is expected, would follow suit. Price levels in the Antilles are considered to be unrealistically high. As there appeared to be money enough there was obviously no need to cut down on margins or look for cheaper markets.

An adaption of legislation to the changed situation also seems urgent. Presently the role of the state is too much of a restrictive nature. This should change, allowing more room for the development of new initiatives. The ill-reputed dismissal law, regulations with regard to minimum wages, working hours, seasonal labour, national holidays and opening hours of shops — to name a few do need to be moderated or changed as quickly as possible. In any case there should come a definite end to financing deficits by monetary means. In an open economy such a practise leads to postponement of measures and would cause a further disruption of the public finances, the balance of payments and the investment climate.

Interestingly enough the private sector is not pessimistic with regard to the possibilities of getting the economy back on track. Tourism, in particular in Aruba, but also in Curaçao, has according to the experts quite a growth possibility. The C.B.I. and EEC connections should offer opportunities for the development of industries and trade.

The off-shore sector may have been hurt by the USA repeal but is by no means finished. Developments in Venezuela might soon lead to a return of that particular type of tourism as well as to new trade possibilities. In brief a recovery of the economy is not a matter of wishful thinking. But much if not everything depends on whether government in all its aspects will be taken in hand.

It should finally be observed that the Antilles' reputation of reliability and political stability must be preserved at all costs. The present deadlock on constitutional matters, threatening a desintegration of the country, should be overcome as quickly as possible. Even a moratorium on all matters pertaining to status aparte and future independence is with a view to the economic problems to be preferred above a further eroding of confidence in the future both within the country and abroad. ■



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THE MORNING AFTER LAGO

A NEED TO SOBER UP BUT NOT TO DESPAIR

BYE, BYE, Exxon, hello hardship. The song may sound grim but is nonetheless true. Having the main pillar knocked out from under its economy, Aruba faces a host of financial and social problems arising from the inevitable loss of income and the just as inevitable steep rise in unemployment. There is no escaping the truth that Lago's closure implies difficult and hard years ahead. A reality most if not all Arubans are by now keenly aware of.

Discussing the island's plight with a number of its businessmen AR was told, however, that there is no need for despair. On the contrary, if they are right, Aruba's lean years may well number considerably less than the biblically prescribed figure of seven. Assuming that certain conditions will be met, the group AR sat down with was of the opinion that the island's economy might be back in calm waters within five years.

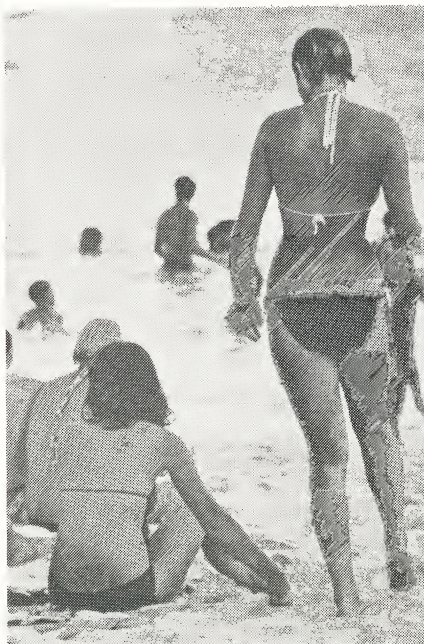
As some of these conditions can be taken care of by the Arubans themselves, their expectations may be proven right. Adapting the island's budget to the declining level of income and at the same time maintaining an atmosphere conducive to tourism are the immediate responsibility of Aruba's politicians and trade-unions. They have in fact little choice in this respect. Restoring or maintaining outside confidence in the island's viability, however, is a different matter. Rebuilding the economy will require substantial investments in particular in the tourism sector. By implication a long-term investment friendly climate must be maintained. For this the Arubans will have to introduce some new government ordinances and will also need the assistance of Holland and in some measure of the other Antillean islands. Aruba, AR was told, should be assured of its place in the Kingdom of the Netherlands for at least another 25 years. The linkage of independence in 1996 to next year's status aparte therefore should be undone.

Such a step, it was maintained, would not only make the island more attractive to foreign investors, but would also give recognition to the wishes of almost the entire Aruban population.

Investment

Tourism, it appears, offers Aruba the best chance of overcoming the blow it was

dealt by the departure of Exxon. The quality of its product is by now well known and highly appreciated. Yet its share of all Caribbean bound tourism is still very modest, a mere 3%. An exceptionally



Tourism: only mainstay

high all the year round occupancy rate during the past decade kept the industry for all practical reasons from launching out further. The growth possibilities therefore should be considerable. Pre-

sently 71% of Aruba's tourism originates from the USA with a high concentration in the New York area. This leaves a large segment of the American market unexplored. The experts AR talked to have no doubt at all that the market potential allows for at least a 100% growth of the industry. An additional 2,500 rooms or doubling the present capacity would take care of both the unemployment and loss of foreign exchange income caused by the refinery's closure, they said.

The investment needed for both upgrading the product and increasing the capacity to the envisaged level will require a total investment of at least Naf.500 million. With a view to Aruba's potential for further development in this respect, this should not be considered an excessively high amount. Investors in this sector, however, consider the Caribbean in general as a high risk area. The larger hotel organizations, for example, prefer to offer their expertise in the form of management contracts rather than in real estate and construction. For the same reason banks are reluctant to provide large loans. This applies in particular to Aruba as there is a widespread unfamiliarity with the concept of status aparte. The linkage to independence in 1996 is no doubt the most scary element as far as potential investors are concerned.

For that reason many Aruban businessmen feel that the 1996 provision, to which Aruba only agreed in order to obtain its long coveted direct links to The Hague, should be eliminated from the Round Table agreement. In addition they hope that Holland will be willing to provide substantial loans and guarantees. If so banks and foreign investment may step in more easily. To promote a better investment climate some drastic changes in the local government's attitude and regulations are necessary as well. The authorities, AR was told, still regard private enterprise with a certain measure of suspi-

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cion. This far from helpful and rather outdated attitude too often causes unnecessary delays in the handling of applications to start a new enterprise on the island. Some laws and regulations too seem to hinder rather than promote attracting new investment. The infamous dismissal law is a point in question. But also the long and often tedious procedure of acquiring work permits for foreign employees even where the required expertise is not available on the island, does not exactly help. The suggestion made by one Aruban businessman that a person or company investing in a new enterprise should have an automatic right to employ a minimum of 5% of its employees from abroad, seems worth considering. A measure of that kind would certainly create a more attractive climate.

Government

The most critical pre-condition for rebuilding the island's economy concerns the Aruban government itself. The closure of Lago implies such a loss of income that a severe cutting of costs has become both urgent and unavoidable. This will be no easy matter. Revenues from the oil industry have been more than generous during the past years. Instead of reserving at least part of this windfall the government went on a spending spree. For motives of political patronage the civil services were overstaffed while salaries - particularly in the lower and middle echelons - rose to a level 30-40% higher than in the private sector. Secondary labour conditions too are much better. The implication is that the government will have to cut wages considerably and lay-off a substantial number of people.

The businessmen AR talked to were of the opinion that these measures will be taken for the simple reason that the government has no other option. They expect and even hope that Holland in the case it is willing to come to the rescue of Aruba will do so on very strict conditions in this respect. This, they argued, would make it easier for the Aruban politicians to act in accordance with the unpleasant facts. Whether this trimming down of the government will also lead to better management and higher production of the civil services, was seen as a very open question. The prevailing system of patronage for the sake of securing votes is generally seen as an unsurmountable obstacle to such a development.

This rather negative judgement on the government's role with regard to the island's economy in general does not hold much promise for the future. Analyzing the past developments, everyone AR talked to agreed that the government should and in fact could have foreseen the closure of Lago. Although warned both by Lago and outside experts on many occasions during the past 9 years that developments might jeopardize the refinery's existence no measures whatsoever were at any time taken. Short-time political goals were considered more important. One of the underlying reasons for Aruba's present crisis is no doubt the fact that everything on the island, including the economy, has been dominated by politics for at least a decade. Politics, it should be realized, of a very narrow minded and petty character. As few expect this to change in the foreseeable future, most members of the business community hope for government to be heavily reduced in every aspect as a result of the crisis.

Democracy

Suggestions that the ill functioning of democracy on Aruba might jeopardize its chances of acquiring sufficient aid from Holland, were not shared by those AR interviewed. Most people did, however, agree that serious flaws exist. In particular the role of Mr. Betico Croes, leader of the island's largest party, was seen as undermining the democratic system. Mr. Croes holds the position of adviser to the island government. A position which is not accounted for in the regulations for island-governments in the Netherlands Antilles. Even though in fact he is running the island he cannot be called upon by the island's parliament to give account of his policies. Although formally not unconstitutional this practice does not exactly serve the democratic cause.

In this connection it was pointed out that the Antilles because of their closeness to the American continent are well acquainted with the presidential model. This may explain Aruba's easy acceptance of Mr. Croes' position. Another explanation for his rather roundabout way of being involved in governing the island may be that he is a very skillful politician but not a very good administrator. For that same reason it is doubted by some that he will indeed agree to be Aruba's first prime-minister when status aparte has

been realized, although he has hinted in that direction on several occasions.

A more serious threat to the democratic system, it was felt, is the rather bad shape of administrative affairs in general. Although the island government budgets have been introduced on time the backlog in financial accounting has made it impossible for the island parliament to exercise its controlling function properly. A development which is not exactly appreciated by the Dutch Government. Nevertheless few were of the opinion that this would prompt the Dutch to withhold the aid needed to overcome the impending crisis.

Status aparte

Discussing the economic implications of the upcoming status aparte, it was generally felt that Aruba will in the end be better off by going it alone. This in sharp contrast with a recent IMF report, which suggests that a broad economic basis i.e. a staying together of the six Antillean islands, would be preferable. But in Aruba's business circles, many are convinced that leaving the Antillean constellation is economically speaking the wiser choice. Most of them are very pessimistic about Curaçao's future viability and fear that Aruba would suffer further economic decline when staying in the Antilles. For this reason it was argued that status aparte should be enacted if by any means possible on the agreed date of January 1, 1986. All the energy now devoted to prepare for that status, can then be used for building up the economy. Business circles in Aruba are convinced that after status aparte is a fact, Curaçao and Aruba will develop ways and means to co-operate to mutual benefit of the islands.

Once more the conversation turned to the status aparte — independence package. There was general agreement that adhering to the 1996 date would be tolling the bell for the island. How far, on the other hand, the Arubans have removed themselves from thinking in terms of a united Antilles was made clear when one participant suggested that "each island should get the option for status aparte and from that point decide about future affiliations either with the other islands, Holland or a neighbouring country. However business people in Aruba are convinced that each island should remain in the Kingdom of the Netherlands for at least another 25 years. This is an option that

should be open to each island individually”.

The above expressed confidence in the long-term viability of the island, is not the mood one finds in Aruba's streets. People feel highly insecure, which is caused both by anxiety about the economic developments of the moment and a lack of trust in the ability of the politicians to reverse Aruba's downward trend. It should be observed that this applies to the ruling politicians as well as to the opposition. In accordance it is estimated that ten to fifteen thousand Arubans will leave the island. Pensioners are expected to take up residence in Costa Rica, Spain or Holland. Many others may join their relations already living in the Netherlands.

Rumors of a substantial capital flight were not confirmed. Although a 20% emigration will inevitably cause some brain-drain, the Arubans interviewed do not expect this to be of too damaging a nature. Nor do they expect the feelings of anxiety to lead to eruptions of serious social unrest. There is, AR was assured, no organized leftish movement on the island, which might try to take advantage of the

present crisis.

Adding it all up the most negative picture evolving - assuming the unlikely situation that nothing is done to foster strong economic growth - is that of continued and even accelerating decline. If no investments of a significant nature can be attracted more and more people will start to leave. With the outflow of know-how the quality of the tourism product will suffer, causing a decline in the number of visitors. This in turn will result in the closure of more shops and businesses. Government income will go down because of lower tax yields affecting the total quality of society. After five years the population might be down to 30,000 (from 60,000) living on an average income close to the present minimum wage level, while the cost of living will have increased considerably.

This may be the most negative scenario, it is also the most unlikely. Aruba's potential for tourism is of such a nature that one can hardly imagine investors to pass up the opportunities offered. The exceptionally positive attitude towards tourism among Arubans, coupled to the inevitable lowering of the wage level and of

real estate prices, should make investing an interesting option. More so, if Holland would agree to come to the island's rescue in the sense as indicated above. The most positive scenario for Aruba therefore looks something like the following:

The reputation of political stability restored by Holland's agreement to postpone all talk about independence for at least two decades. As a result a considerable inflow of capital for the purpose of increasing the island's capacity for tourism. A consequent decline of unemployment not only because of new construction activities and more jobs being created by the tourism industry, but also because tourism related businesses will increase. In the wake of this development it may be expected that free-zone activities will also pick up. The government will decrease in size, but most people laid off will find employment in the private sector. The expected emmigration of 15,000 Arubans will further help to alleviate the unemployment problem. After five years unemployment can be back at the appr. 10% level of the past while the income might also be somewhere near the 1984 level again. ■

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JOPIE ABRAHAM

DECISIVE LEADERSHIP

by H. Linkels

INTERVIEW

"If I am forced to make a choice between what serves the interests of the party or what is best for the island I will choose for the latter".

These words were not spoken lightly. When the Democratic party of Bonaire took over the island government after the last elections 18 months ago, its leader Mr. J.E. (Jopie) Abraham soon recognized that a thorough overhaul of the island's civil service would be necessary in order to clear up the sorry financial state the island found itself in.

Since then he has embarked on an ambitious programme to cut costs and improve efficiency. But the effort to streamline the government services has evoked widespread protest even within his own party. Mr. Abraham, who is convinced that reducing the overzealous services to functional proportions is an absolute must to promote economic development, has not budged. Tending his resignation as party leader he made it quite clear that if the par-

ty would not fully back him up in his efforts, however painful they may be, he would indeed step down. This stance singles him out as one of the very few Antillean politicians who put the general concern before their own and party interests.

Reorganization

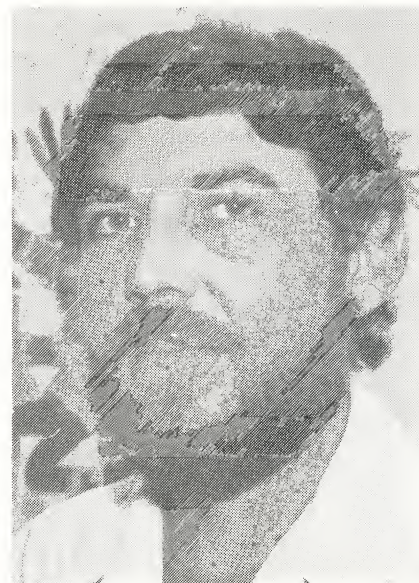
Bonaire, the second largest of the Antillean islands, but because of its relatively small population (10.000) counted as one of the four so-called smaller islands, has economically lagged far behind Aruba and Curaçao. For that reason it receives a monthly contribution from the Central Government of Naf. 14.8 million. For the past two years the island's budgets have shown a deficit of approximately Naf. 25 million. After deducting the Central Government's assistance an actual deficit of over Naf. 10 million still remains.

Obviously the small Bonairean community cannot possibly be expected to finance such deficits by itself. It should, moreover be observed that the island has accumulated a substantial debt over the years in order to finance the recurring deficits. This, Mr. Abraham maintains, should be stopped. On the one hand, he points out, the government expenditure should be curtailed and on the other its income should be increased. Says Mr. Abraham: "Measures to reduce expenditure must of necessity be directed at a reorganization of the civil services. There is quite a surplus of non-qualified staff. Presently we have 700 civil servants on the pay-roll. A number which will have to be brought down with at least 10%".

In order to assist the island government with the envisaged reorganization an official of the United Nations Development Program (UNDP) has recently arrived on the island. Dutch development aid will foot the bill. Mr. Abraham realizes that sending home a relatively large number of government employees will not save the island treasury the equivalent of their added salaries, as the unemployment

assistance programme will become more expensive. It will, however, save a fair amount and hopefully improve the services' efficiency, he points out. He in particular expects the procedures for companies wishing to establish themselves on the island to be speeded up as a result of the reorganization. "Accordingly", he says, "our policy is to give high priority to attract new investments in tourism, industry and construction, as such activities will generate new employment".

Economizing measures will not be limited to cutting the civil service down to size. Education and Health Care, which together account for more than 50% of all expenditure, will have to be trimmed as well. Says Mr. Abraham: "both items are highly sensitive and from a political point of view rather risky. Presently we have 5



doctors on the island, 5 clinics and 4-5 medical assistants. With one doctor per 2000 inhabitants we top almost every country in the world. The costs implied for the government are tremendous. Centralization of the medical services is quite feasible, but does mean that not every district will have its own doctor and clinic." Mr. Abraham is well aware that such a reorganization will not make him nor his party very popular.

Representation

Commenting on the relationship with the Central Government, Mr. Abraham deplores the fact that his majority party is not represented in the cabinet. Due to the fact that elections for the national parlia-

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BONAIRE

ment and the island council are not being held simultaneously, the party which was defeated at the last island elections still represents Bonaire on the national level. As a result there has been little official contact with the last (Martina) and present (Liberia-Peters) cabinet. With a view to Bonaire's financial and economic problems as well as to the efforts to cope with them, this situation is not exactly helpful. Mr. Abraham goes so far as to say that the presence of the island opposition in the Central Government has at times worked against the policies of his island government. He suggests that in spite of this rather contradictory situation it ought to be possible to entertain optimal contact between the two levels of government. "But in the Antillean constellation", he sighs, "that is apparently utopian".

Self-determination

The conversation naturally turns to the constitutional issue. Representing one of the four smaller and very dependable islands, Mr. Abraham is quite worried ab-

out the recent developments. The closure of Lago, he points out, has not only negative consequences for Aruba. It is by now quite clear that Aruba's contribution to the Solidarity Fund purposed to assist the smaller islands in their development, will be a most uncertain factor. He is determined, however, to make sure that the RTC agreements in this respect will be upheld and states quite bluntly that Holland is the party responsible to see to that.

Lago's closure also affects Bonaire in yet another sense. Many Bonaireans who left the island years ago to find employment at the Aruba based refinery now wish to return to their island. Mr. Abraham states that the island government has accepted the responsibility to help them resettle but that leads him to point again at Holland's responsibility with regard to the viability of his island.

He next recalls that the island council voted unanimously to employ the right of self-determination if the need arose. If one of the other islands wants to leave the present constellation, Bonaire would opt for direct ties to the Netherlands. The fact

that Bonaire has been willing to discuss the possibility of an Antilles of Five Islands does not imply that we have used that right of self-determination, he says. "Now that Aruba is soon to have its 'status aparte' we hold Holland responsible for a possible desintegration of the Netherlands Antilles. At the RTC Holland recognized its responsibility with regard to Bonaire. He feels sure that Holland will not renege on its promises.

He also is optimistic about Bonaire's economic future. Tourism is showing a distinct growth and investments in the island are relatively higher than on Aruba and Curaçao. Asks Mr. Abraham: "Would Holland after its disastrous decolonization policy with regard to Indonesia, West Irian and Suriname really object to assisting a small tropical island with 10.000 inhabitants to develop itself in a sober but realistic manner? I believe that the Dutch politicians have enough insight to use this opportunity to prove to the world that they can be successful decolonizers as well both to the benefit of the Antilles and Bonaire in particular". ■

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SHELL'S ANTILLEAN FUTURE

A POLITICAL ISSUE

The full impact of Lago's announced closure had not even dawned upon the Antillean people, when SHELL late last year notified the Central Government that unless some stern demands would be met, within a couple of months its Curaçao based refinery would also have to be shut down. On more than one occasion since, the plant's management has made it clear that the implied threat must be seen as a last resort. Continuation of the sixty year operation, it is maintained, is preferred. But a lowering of operation costs as well as a guaranteed and sufficient supply of crudes are two conditions sine qua non. Both conditions have a distinct political aspect. For that reason Shell is demanding that the Antillean Government agree to becoming a majority share-holder in the Curaçao-refinery. More than anything else this condition has become a matter of heated public discussion. The costs and risks implied, many say, go well beyond what the Antilles (read Curaçao) can permit itself.

Whether it can permit itself to be party to an early departure of Shell, however, is what most insiders reply to in the negative. As could have been foreseen by both parties, anti-multi national sentiments are being raked up by mediocre leaders both in the trade-unions and political parties. The two key questions therefore are first whether Shell is sincere with regard to its professed wish to continue on the island and secondly whether the officials will be able to turn the political aspects into benefiting Curaçao.

Prospects

The importance of the issue is illustrated by Shell's dominant role with regard to Curaçao's economy. In 1979 Shell generated approximately Naf.340 million or 25% of the total income on the is-

land. To this should be added a fair number of companies dependent for their existence on Shell. Thus Shell's economic input can be estimated at 30%. No-one should doubt therefore that the direct and indirect consequences of a termination of Shell on the island would have very serious repercussions on the economy in general. Nor should anyone doubt that the refinery has indeed run into serious problems. The recession of the late seventies, resulting in a diminished demand for oil-products combined with OPEC's policy of rationing the supply of crudes as well as with Venezuela's decision to put an end to granting the Antilles a preferential price setting, caused Shell-Curaçao to go into the red figures. Operating losses for 1984 are estimated at Naf.80 million. Shell's contribution to local income has declined to Naf.230 million, which in real terms means a 30% plunge as compared to 1979. Prospects for the near future are, moreover, dim. A recovery of the oil market is not being expected, at least not in the next few years. As OPEC is keeping the prices of crudes at an artificial high level, the company's future does not look bright at all.

Participation

The company's shareholders, not willing to continue subsidizing the plant with an estimated yearly US\$50,000, have therefore opted for a strategy which might result in a return to viability and by implication save the refinery. Basic to Shell's strategy is government participation in the company. This, it is explained, might help create the necessary conditions for continuance of the operation. A first condition is guaranteed supply of the required number of barrels per day. In this respect it should be remembered that Shell-Curaçao right up to 1975 could be considered a resource based refinery. But after the nationalization of Shell's operations in Venezuela and the increase of re-

fining capacity of that country, that vital link was broken. In order to ascertain future viability, it is maintained, access to the crude supply should be restored. Taking into account the fact that the Curaçao refinery is almost entirely dependent on Venezuela for its supplies, re-establishing that most necessary link requires the involvement of the political powers that be. The Antillean or Curaçao government being a majority shareholder might make it easier to persuade the Venezuelan authorities to go along. The argument is further undergirded by drawing



Shell's general manager
E van Mourik Broekman

attention to certain differences of opinion or even tensions within Venezuela. That country's (state-owned) oil industry apparently has grown into a rather independent body. It is by now a public secret that the closure of Lago in Aruba has certainly not displeased the Venezuelan industry. Likewise they may welcome the departure of Shell from Curaçao. Securing the crude supply therefore will have to be done on a government to government level. And for that reason government participation in Shell may be vital to success, if only because it would knock the bottom out of the argument that granting Curaçao the requested supply would by implication serve the interests of a multi-national. ▶

The second condition of bringing down production costs would also become a much more acceptable operation, if the government would be more involved. Only 12 years ago Shell-Curaçao produced well below the cost level in Europe. Today the plant heads the list of the entire Shell group in this respect. This unfavourable development was caused by wage hikes and the rise of the dollar. Because of the above mentioned developments concerning the crude supply, it was not possible to increase the refinery's production so as to cover the higher costs. Two measures are deemed unavoidable to solve this part of Shell's problems. First of all the company has demanded that the ruling concerning a obligatory profit tax of Naf. 28 million per year, which has to be paid whether the company makes a profit or not, be eliminated.

That ruling was announced and agreed to by Shell several years ago to compensate for the many years in the past during which Shell paid hardly any taxes at all. A reasonable ruling at the time of its enactment, it now seems outdated by the latest developments. Secondly wages will have

to come down and approximately 400-500 workers will have to be laid off. The question Shell has been raising is whether the company can be expected to perform this extremely painful feat all by itself. As the cost level on Curaçao in general will have to come down, it is felt that Shell should be used as a trendsetter in particular because the Shell workers already accepted wage cuts in the past few years. Consequently Shell is urging the government to take general measures and involve itself in Shell so as to make the needed 15% wage cut more acceptable.

Negotiations


The Central Government very wisely did not react immediately but appointed a fact-finding committee of experts in order to be informed in depth about the matter at hand. The committee completed its work in January and the Central Government is expected next to enter into deliberations with the island government, which is in fact the party most affected by whatever the outcome will be. Shell has in the meantime been pressing the government

to start negotiating the demands as according to the company time is running out fast. It is expected that the government will enter talks with Shell's management sometime during March.

Probably the most positive action was taken by the Chamber of Trade Unions, which sent a delegation to the Netherlands to lobby for possible solutions to Curaçao's pressing problems. A carefully drawn-up working paper sums up the political and economic tangle the country is in and what the present development if unchecked may lead to. What the paper seems to suggest is that Holland should take the lead in establishing an agreement between Holland, Venezuela, Shell and the Antilles for the purpose of keeping the refinery and the country afloat. The impressive arguments used in the paper as well as the hint that both Shell and Venezuela are willing to contribute to a viable solution should go far to get the attention of the Dutch. The initiative is at least an indication of a most responsible attitude on the part of the trade-unions themselves. If only for that reason it must be considered most praiseworthy. ■

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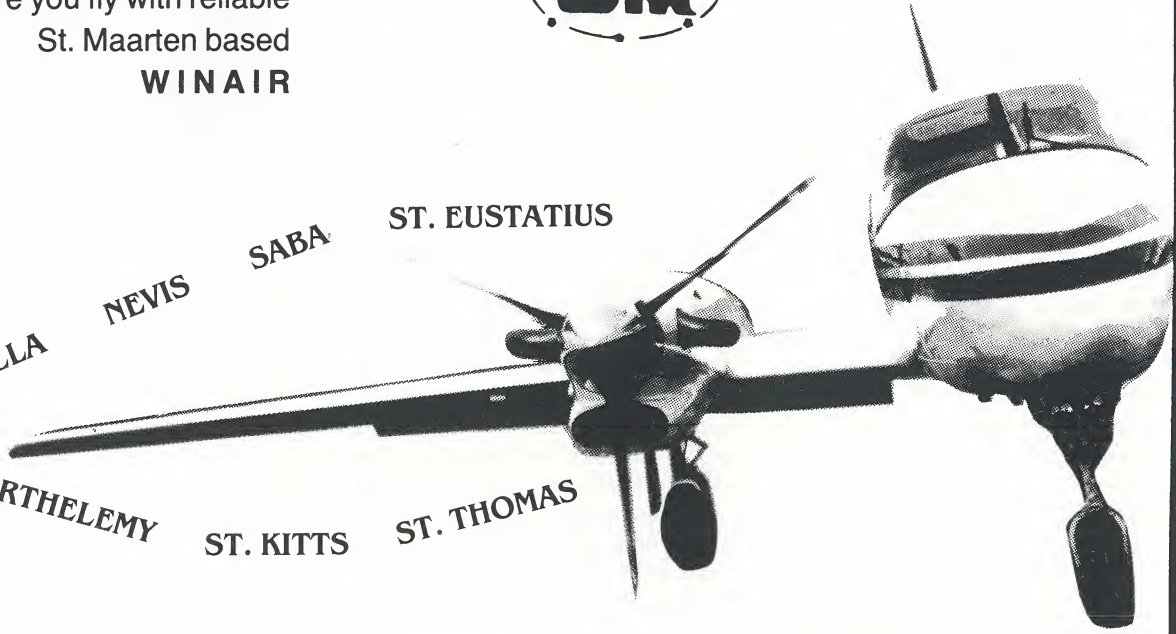
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''We should be careful not to give away something we have in trying to get something we think we need''. Thus reads one of the opening paragraphs of a report by Saba's committee for tourism. Taking stock of recent developments the message is as simple as it is clear: Let's preserve the unique beauty of our island and direct all our efforts at attracting lovers of serene beauty.

Befittingly the report itself breathes an atmosphere of enchantment with the island's rare splendour instead of the usual eagerness to reap a harvest of greenbacks. If enacted the recommendations will go far in keeping Saba a special attraction for special people.

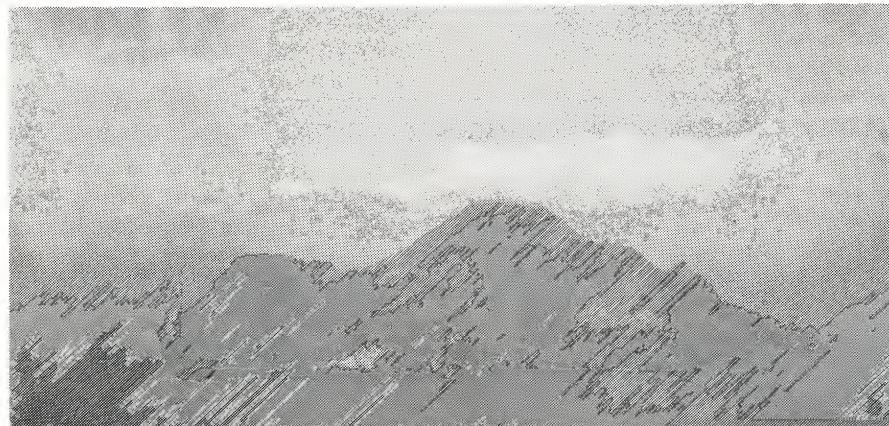
The report defines the kind of people attracted to Saba as sophisticated and well travelled. Writers, artists, intellectuals, those who enjoy hiking and diving, are the type of tourists who having once discovered the island pay it return visits. Enticing them to continue coming back by making the island more comfortable is what the committee suggests as the main policy for tourism. No less than 77 recommendations are put on the Executive Council's table, all of which aim at keeping the island clean, orderly and quiet.

The practical and detailed advices ranging from the way taxidivers are dressed to the welcoming smile of the emigration officers are certainly not superfluous. The number of visitors to the island has increased steadily over the past years and Saba itself has in some measure caught up with modern times. A conscious effort to preserve what makes the island different from the surrounding isles and in the eyes of some 'paradise-like' may be right on time.

One of those tourists, the report recalls, was Cristoforo Colombo himself, who wrote down after having visited Saba: ''the best and most fertile and temperate and level and godly land there is in the world.... the most beautiful thing that I have seen, nor can I tire my eyes looking at such verdure''. But it was not until the turn of the century that Saba was discovered by the first specimen (the report

calls them 'eccentrics') of its typical brand of tourists. Yachtsmen and writers, ''who wrote books for the so-called 'armchair travellers'', who in the long winter months could wile and wish away the long winter nights by reading about exotic tropical places'' became intrigued by Saba's simple and isolated state.

As a result Saba received considerable coverage in the United States press, though few visitors. They began arriving in very small numbers years after World War II. In 1952, the report mentions a total of 18 yachts and 104 tourists visiting the island.



Thirty years later (1982) those figures had gone up to 252 and 14,343. It is interesting to note that already in 1950 a Tourist Commission had been appointed on the island, which immediately began to promote Saba through the then called Netherlands West Indies Tourist bureau in New York. Planning has indeed always been one of the better characteristics of the Saban government. Nevertheless the report also mentions at least one serious mistake made in the past. The group which in 1954 embarked on the now well renowned Little Bay Hotel on St. Maarten expressed at that time the wish to lease the government's guesthouse in the Bottom and add ten rooms as well as a swimming-pool to the existing facilities. The request was turned down because Little Bay's management wanted to bring in their own cook. The Saban ruling the sceptre in the Guesthouse's kitchen happened to be a

member of the majority party of those days on the island!

Much, however, has changed since. The government is urged to establish closer co-operation with Anguilla, St. Maarten, Nevis and St. Kitts. Package deals should, if by any means possible, be worked out. Special attention, the committee suggests, should be given to the possibility of developing Saba into a diving resort. Already the island is receiving some attention in the international sports press and is generally judged to compare with Bonaire, which is considered one of the finest diving places in the

region.

Two major projects concern a new airstrip and better mooring facilities for cruiseships. The first project has been in the pipeline for some time and should, according to the committee, be started as soon as possible. Typical for Saba is the admonishment to the government to keep the construction as much as possible in Saban hands. Typical, because Sabans have in contrast to the handling of development projects on other islands time and again proven to be able to finalize construction projects well within the planned budget. Written in rather flourishing language the report basically provides the Saban government with a planning policy in order to absorb the expected and much needed growth in tourism without giving away what has intrigued visitors and brought them to the unspoiled Queen during the ages past. ■

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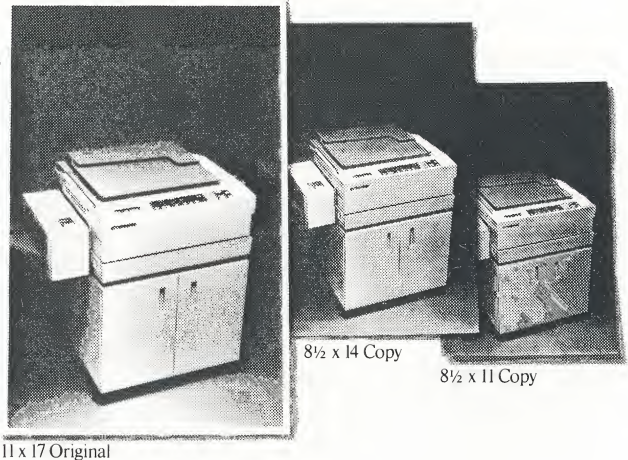
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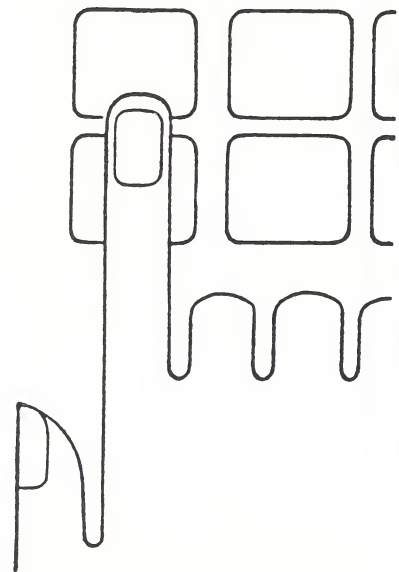
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Economic Survey

by H. C. Beers

Economic prospects for the Netherlands have deteriorated sharply during 1984 and have become clearly unfavourable. In a dramatic succession of events all the major pillars of the economy have been undermined. The announced closure of the Lago refinery was the latest in a series of setbacks which included the Venezuelan bolivar crisis, the difficulties of the Curaçao drydock and the national airline ALM, cost cutting by Shell Curaçao, and the repeal of the U.S. withholding tax for nonresidents, although the increasing uncompetitiveness of the islands was also a contributing factor. A short-term loss of existing employment will be unavoidable with severe consequences in view of the lack of creation of new employment opportunities over the past years. Also foreign exchange earnings and government revenues will decline sharply. The equilibrium of the balance of payments is a necessary target. Since the new situation is not temporary and readily reversible, but reflects a durable change in the economic base of the major islands, there is therefore no alternative but to restore competitiveness and to reduce domestic demand. The government announced its intention to introduce a package of measures in the beginning of next year after consultation with the social partners. The national crisis, as the prime minister called the current situation, will make a repartition of national income necessary.

Foreign exchange reserves

The official reserves with the central bank increased in November by an unexpectedly high amount of f.12.6 million reaching a level of f.215.7 million which, however, is still far below the end of 1983 level of f.295.9 million. The November increase exceeded the growth recorded in the same month of 1983 when the central

bank's foreign reserves only grew by f.8.3 million. The net foreign assets of the private banking system also rose by f.5.2 million in November, resulting in a growth of f.16.8 million in total reserves during that month. On an annual basis these reserves still recorded a loss of f.45 million.

The November figures did improve the balance of payments prospects somewhat. The annual deficit for 1984, however, will be somewhere around f.60 million. An important factor will be the December outcome. Last year a surplus of f.17 million had been recorded in this particular month. This year the outcome may even be higher due to development aid, offshore profit tax payments and revenues from tourism. The fear of high amounts of capital outflow seems to be baseless.

Although a low deficit on the 1984 balance of payments may seem reassuring, it is also concealing the underlying trends. Both total foreign exchange revenues and payments are falling by more than indicated by the balance. An IMF mission recently estimated that total revenues will fall by about f.400 million during 1984 and 1985. The fact that the balance of payments was already in deficit in 1983 adds to the significance of such a shortfall. It represents in fact a decline of some 20% in total foreign exchange earnings over the period. Adjustment to such a large decline will unavoidably entail a reduction in domestic activity and living standards. Prospects for 1985 largely depend on measures taken by the government to improve competitiveness and to reduce domestic demand. The severance payments from Lago and the temporary buoyancy of offshore profit tax revenues will provide a short-lived buffer for the balance of payments in 1985.

Wages

Wages should be reduced by 15% to absorb the consequences of the closure of

the Lago refinery on Aruba and to restore profitability of the Shell plant on Curaçao. That is the main conclusion of the interdepartmental working group in its advice to the government. During the last years real wages have kept rising in the Antilles, whereas they have been stable or even declining in partner countries. In addition, the effective appreciation of the N.A. guilder in line with the U.S. dollar, has caused the islands to become more expensive than elsewhere in Europe or Latin America.

As a result the loss of wage competitiveness has been in the order of 30% since 1980. This situation threatens the viability of existing enterprises and undermines the prospects for new employment generating initiatives. The necessary improvement in competitiveness can be achieved either by means of nominal reductions in wages and other income or by means of an exchange rate adjustment. The government, the interdepartmental working group and other circles as well as the IMF mission expressed their preference for a reduction in nominal incomes rather than an exchange rate change. A reduction of 15 to 20% followed by a freeze of all wages during the next two years was recommended. The measures should only be realized after Parliament has accepted an enabling act.

Lago Aruba

In his Christmas message the Lago president told his employees that the Lago management was fully aware of the consequences which the closure of the refinery has on its workers and the community in general. Lago is not able to solve all these problems, but will try to bring relief as much as possible through an extensive social program to lay-off its personnel. The year 1984 had started for Lago with the clear indication that business had to change. The refinery had signed an oil supplying contract that appeared very disadvantageous for a profitable operation. Measures were taken to cut expenses and to increase production. Also improvements in the field of security and oil-losses were implemented, but in the end Exxon still decided to shut down the refinery, which once rated as the world's largest, on March 31, 1985.

Exxon had upgraded the refinery for f.230 million, while f.500 million in maintenance was added since 1977. However, operational losses were ex-

pected to exceed f.100 million in 1984. Despite the facility's 300,00 b/d capacity, Venezuela unilaterally cut crude shipments to 180,000 b/d and charged OPEC posted prices. Before this, Lago received net-back prices on realized prices of its refined products. After initial emotional prospects, Venezuela acknowledged that the 55-year-old refinery should eventually close; Venezuela refused to buy the plant and appeared unwilling to undertake any rescue plans or bridge financing until Aruba can replace refining income with other activities.

Lago had already offered the plant for sale to the government for the amount of only \$1 but also stated that in case the government would purchase the facility, Lago would withdraw its working capital of f.320 million. In November the refinery filed an application with the department of labour requesting approval to lay-off 976 employees, bringing the number of requested dismissals for that month at more than 1600. The other requests were mainly filed by the contractors.

The closing of the Lago plant will also have severe consequences for the financial position of the island government of Aruba. A deficit of f.83 million had already been projected before the announcement to shut down the plant. The lack of income from oil refining activities will increase the deficit by f.57 million to the amount of f.140 million. The government expects to receive about f.20 million from wage taxes on the Lago severance payments, resulting in a new budget deficit of f.120 million for 1985. The deficit on the current account of the 1986 budget was adjusted to a level of f.190 million.

Shell Curaçao

Although the Curaçao refinery has still been operating at a loss during 1984, Shell has indicated it would be able to continue its operations if the plant can be adapted to existing and future market circumstances and if a competitive position can be restored. Current expectations point to heavy competition and cost efficiency in the oil refining industry during the coming years. Shell mentioned four essential measures for continuing operations: 1) enough supply of crude oil, 2) reducing expenses by decreasing wages and personnel, 3) repeal of the minimum profit tax, and 4) government's participation in the refinery.

Technical factors offer competitive

possibilities for the facility to process heavy Venezuelan crude oil. However, to take full advantage of the plant an additional quantity of 50,000 b/d is needed at normal market prices. The total quantity will then amount to 140,000 b/d. Venezuela seems to be prepared to supply the extra quantity, but no official confirmation has been received. Besides, there are several other important aspects in connection to this supply that still have to be negotiated.

The operational expenses are considerable higher than of comparable refineries. The most important possibility to reduce these expenses to a level that is competitive will be to decrease both individual wages and the number of personnel, which has to be reduced during the coming years from 2000 workers to about 1400.

Despite continuing losses Shell still has to pay each year a minimum amount of profit tax of f.28 million. Because of the high amount of accumulated losses Shell wants to have this tax regulation abolished as per January 1, 1985. Delivery by only one supplier makes the plant dependable. Such a risk cannot be borne by a commercial entity and requires government participation to develop an inter governmental relationship. Furthermore the necessary reduction of wages and personnel will bring severe social and economic consequences on the island community and as such requires that the government is involved.

Shell has requested the government to start negotiations on short notice and to announce the principals of the cooperation, within a foreseeable future. Shell Curaçao has offered two-thirds of its share capital to the government for an amount of f.240 million. The Dutch government has already declared that it is not willing to finance the purchase of the shares. The minister of Antillean affairs stated that the risks are too high.

ALM

The management of the national airline showed optimism in the shareholders' meeting where the figures for the fiscal year ending March 31, 1984 were presented, despite operational losses amounting to f.20 million. Mid 1983 an emergency plan was presented to reduce the then projected loss for 1983/1984 from f.16 million to f.10 million or just under the recorded loss of 11 million for

1982/1983. This evidently did not produce the necessary results immediately. However, the results for the first six months of the current year showed an improvement of f.5 million, compared with the corresponding period of the previous year. The expectation to reach the break-even point in 1987 was repeated.

During the fiscal year 1983/1984 the airline recorded a loss in passengers of 8% and as a result a decline in income of f.8.2 million. The volume of freight transport declined drastically by 16% although the resulting fall in revenues amounted to only f.1.5 million. Charter income rose f.6 million compared with the previous year. The international recession and the low rate of the Venezuelan Bolivar were mentioned as the main negative developments. On the other hand positive results were recorded as a result of a cost controlling policy. Operating expenses declined by f.5.3 million. The volume of personnel decreased by 146 workers or 13%.

The operating losses created a cash shortage that prevented the airline to make the high payments for interest and redemption on the loans which were used to finance the purchase of two new DC-9-80 airplanes. In March the company was still able to pay the semi-annual amounts out of its own funds, but in September the funds were provided by the government as the major shareholder.

Curaçao Drydock

The Dutch government has suspended a part of the promised subsidy for the Drydock Company. The decision was taken due to the fact that the island government of Curaçao did not adhere to the conditions stipulated by the Dutch Government. The main reason appeared to be the refusal by the island government, as major shareholder of the Drydock, to lay off 245 workers. The dismissal was requested by the management to restructure the company. As a result of the refusal the manager handed in his resignation. Last year the Dutch government had promised to pay f.10 million as financial aid under the condition that measures to restructure the Drydock company would be taken. The results would be reviewed quarterly. After paying f.6 million Holland thought that Curaçao did not stick to the agreement by refusing to cooperate with the dismissals. The payment for the last two quarters amounting to f.4 million was suspended. ▽

The Dutch Government declared that it does not favour laying off of any personnel. However, it does want to reach the situation that the Drydock is able to operate again without any losses. The suspension of the subsidy is a matter between the two governments and will not affect the Drydock directly as the subsidy was paid to the island government of Curaçao, which had given guarantees favouring the Drydock to an amount of 14 million for 1984 and f.21 million for 1985. The company had asked for financial assistance in view of the high operating losses. The management had previously stated that the company needed f.54 million during 1984/1986. It asked for a subsidy of f.21.5 million for 1984 but only got f.14 million. According to the manager this amount was not sufficient. Consequently 245 workers had to be laid off for the company to survive. The Drydock recorded heavy losses as a result of declining ship repair orders and falling prices. The volume of personnel dropped from 1500 to about 900 workers. Furthermore, personnel expenses had to be reduced by 25% which still did not bring the desired results.

Offshore sector.

During 1984 the offshore sector was faced with some important changes that did alter the environment in which this sector was operating. The year started with the strict implementation of the wage tax on fringe benefits, affecting trust and offshore companies which had set up local offices on the islands. Furthermore, an agreement was reached between Holland and the Antilles on a new tax regulation for the Kingdom. On dividend payments from Dutch corporations to affiliated companies in the Antilles a withholding tax of 7.5% will be levied effective January 1, 1985. In case the affiliated company in the Antilles is paying a profit tax of at least 5.5%, the withholding tax will be reduced to 5%. At the moment these companies usually pay not more than a 3% tax on profits. The new regulation also provides for the exchange of information to counteract international tax fraud.

The most important change comprised the repeal in the U.S.A. of the 30% withholding tax on interest payments to foreign investors in U.S. securities. The measure eliminated the Antilles-route as a gateway to the Euro-bond market. The financial consequences for the Antillean

Condensed balance sheet Central Bank; f. millions.

end of	Nov. '84	Oct. '84	Sept. '84
Assets			
Gold Stock		41.4	41.4
Foreign reserves	215.7	203.1	219.5
Loans to:			
— fed. government	109.3	109.3	109.5
— isl. governments	—	—	—
— banks	3.7	17.7	9.4
— others	0.9	0.9	0.9
sundry assets	7.2	7.0	7.0
TOTAL	378.2	379.4	387.7
Liabilities			
Banknotes	173.0	170.5	168.4
Deposits held by:			
— tax collector	8.7	11.3	9.9
— isl. governments	40.3	49.8	43.3
— Giro Curaçao	6.7	6.7	6.7
— banks	39.9	33.4	47.2
— developments projects	10.7	8.0	10.0
— other residents	15.7	18.2	21.0
— non-residents	0.4	0.4	0.4
sundry liabilities	19.0	17.3	17.0
Capital and Reserves			
	63.8		
	63.8		
	63.8		

treasury will begin to manifest themselves painfully after two years, when the government will be deprived of at least 25% of its present income and the country of the same amount of foreign exchange earnings. The repeal question was one of the most heavily lobbied issues in the U.S.A. Until the repeal U.S. corporations wishing to borrow abroad could escape the 30% withholding tax on securities sold to foreigners by borrowing in the name of a subsidiary based in the Netherlands Antilles, which would relend the amount to the U.S. parent company.

By virtue of a tax treaty between the two countries, interest paid to such an Antillean based subsidiary was eligible for exemption of the withholding tax in the U.S.A. Only securities sold after the repeal were exempted, giving the Antilles a grace period of about seven years with regard to all bonds issued through the

Antilles until the repeal. The repeal delayed the negotiations on the tax treaty between the U.S.A. and the Antilles, which have been going on for more than three years. Recently the Antillean government declared that it would do everything to round off successfully these negotiations in the coming year. Furthermore the government will continue to urge to get the Antilles on the list of countries qualifying for the incorporation of so-called Foreign Sales Corporations, without jeopardizing the existing offshore companies. However, prospects to reach this goal are unfavourable.

The U.S. treasury already certified 23 income-tax treaty partners as having effective information exchange pacts with the U.S. and as such can host Foreign Sale Corporations. The list included the Netherlands and the U.S. Virgin Islands, but Switzerland and the Netherlands Antilles were not on it. ■

POLITICAL ATTITUDES IN ARUBA AND THE QUESTION OF INDEPENDENCE

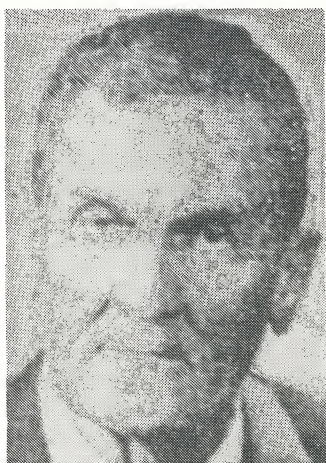
The following article was first presented at the Annual Conference of the Southwestern Political Science Association (USA) in 1984 and draws from a forthcoming PhD-dissertation by George Cvejano-vich.

The island of Aruba may be the Caribbean's next independent mini-state. Aruba is currently one of the six islands comprising the Netherlands Antilles. The constitutional future of the Netherlands Antilles has been a major topic of discussion and negotiation between Aruba, the Antilles and the Netherlands since the early 1970s. The most recent series of negotiations and conferences on the subject has recommended that Aruba become independent in 1996 following a ten-year transition period in which it will gradually leave the Antillean federation.

The independence movement in Aruba technically began in the mid-1970s with the emergence of a new, pro-independence majority party. However, the origin of the movement is rooted in an earlier separatist movement which began in the 1930s. In many respects, the current independence movement (as our data will show) is still more of a separatist movement rather than an independence movement. Unfortunately, the non-Aruban actors (the Netherlands, Curaçao) involved in the constitutional negotiations have presented Aruba with only two options: independence or remain part of the Netherlands Antillean federation.

Evolution of the Independence Movement

Prior to 1937, the Netherlands Antilles were a crown colony of the Netherlands and were known as the Colony of Curaçao. As such Aruba was primarily governed from Curaçao. A lieutenant governor (*gezaghebber*), fully accountable to the governor in Curaçao was the chief official on the island. However, his power was very limited as is evident by the fact that it was not until 1945 that the "gezaghebber" could spend up to 300 fls (approximately \$.150) without the approval of the governor. As



Henny Eman

one historian noted, Aruba was manipulated by the governor and by departmental heads in Curaçao.

In 1930, representatives of the Colonial Council in Curaçao arrived in Aruba for the first time to investigate the needs of the island. The Hague had also directed the Colonial Council to prepare the ground work for limited decentralization. In 1931 Aruba's District Council (which advised the *gezaghebber*) petitioned the Crown to include an article in the forthcoming constitution which could grant Aruba increased autonomy with respect to Curaçao.

One person who signed the petition was Henny Eman (1887 — 1957). Eman later founded one of Aruba's first political parties and advocated that Aruba secede from the Netherlands Antilles, but maintain close and direct ties with the Netherlands. This goal was known as "separacion".

The revised constitution that became effective in 1937 dissolved the Colonial Council and replaced it with a parliament, or "Staten". However, the power of the governor and The Hague remained largely untouched. Suffrage was limited. The "Staten" consisted of fifteen members, five of which were appointed by the governor. The ten remaining members were elected by proportional representation from the islands as follows: six from Curaçao, two from Aruba, one from Bonaire, and one from the Windward Islands (Saba, St. Maarten, and St. Eustatius). For the first time Aruba had a permanent representative in the government, indicating that the 1931 petition was not totally unheeded.

The first political party in the Antilles, the Catholic Peoples' Party (Katholieke Volkspartij — KVP) was formed in both Aruba and Curaçao in 1936. The KVP won Aruba's two "Staten" seats in 1937. In the 1941 "Staten" elections, Henny Eman ran as an independent and won Aruba's two seats. Eman was again reelected in 1945, but the KVP also won a seat.

Eman's campaign of "separacion" for Aruba obviously attracted a number of voters. This platform also advocated that Aruba and Curaçao have the same number of seats in the "Staten" (despite the fact that Curaçao's population was almost twice as large as Aruba's). Eman achieved this goal in time for the 1949 election: both islands now had eight seats. In those elections, the first with universal suffrage, Eman's new party, the Aruban People's Party (Arubaanse Volkspartij — AVP) won five of the eight seats.

Although Eman's "separacion movement was based on the long standing historical tension between Aruba and Curaçao, it was the transformation of the Aruban economy after the mid-1930s which gave the movement credibility. With the establishment of the Exxon oil refinery, Aruba was financially independent of Curaçao for the first time. The "separacion" movement, however, proved to be short-lived. ▶

By 1950 the final constitutional structure for the Netherlands Antilles was decided on as a result of several conferences on decolonization. First the Netherlands Antilles as a federation were to be self-governing in all matters except foreign and defense policy. On those matters the Antilles were, with Suriname and the Netherlands, equal partners in the "Kingdom of the Netherlands". The central government of the Antilles was located in Curaçao, and the "Staten" was the principal governing body. Each island also now had an Island Council to deal with local affairs. Although the central government had limited powers, there was no provision in the constitution for any island to leave the federation and become a separate partner in the Kingdom. Finally, the allocation of "Staten" seats was again revised, reflecting the population distribution; Curaçao got 12 seats and Aruba got eight.

The 1950 election represented the beginning of the end of Eman's separatist movement and of AVP's status as the majority party. One of the cofounders of AVP, Juancho Irausquin, disagreed with Eman over the best way to insure Aruba's autonomy and formed a new party, the Aruban Patriotic Party (Partido Patriotico Arubano — PPA). In the election, AVP won four seats, PPA won two, and other minor parties took the remaining two. The decline of the AVP was also evident in the first Island Council election in 1951. Both AVP and PPA won eight of the 21 seats. By the time of the 1955 Island Council election, AVP's strength had so declined that it only won three seats. PPA's win of 15 seats in that election has never been beaten by any party in Aruba or Curaçao.

The decline of the AVP was the result of several factors. With the new constitution in effect and with Aruba's Island Council functioning, most voters felt that Aruba's struggle for autonomy was over. The fact that Eman helped form the central government coalition after the 1950 election did little to support his view that Curaçao was still a threat. Eman's inability to prevent the 12-8 distribution of "Staten" seats, as well as his pro-management position during a major strike at the refinery in 1951, also cost him support. Perhaps most important was the impact the refinery had on Aruba's social structure. Although the oil refinery provided Aruba with the financial independence necessary to demand greater autonomy, it also had a countervailing effect on "separacion". A large number of workers with Dutch citizenship came to Aruba from other "Dutch" islands and Suriname to work in the refinery. In 1950, 45 percent of Aruba's electorate had not been born in Aruba. Eman's "separacion" and rhetoric ("Aruba for Arubans") was viewed as a threat by this group. Consequently, the PPA, which took a more moderate position on the autonomy question, won the support of these non-Arubans. In the districts with a large percentage of non-Aruban-born voters, the PPA was the most successful.

With the emergence of the PPA as Aruba's majority party, the separatism issue faded. The PPA joined with the Democratic Party (DP) in Curaçao and the two formed the governing coalition from 1954 to 1973.

The AVP was able to make a brief revival at the island level in 1967. With the assistance of several minor parties, it took control of the Island Council for a few years. One candidate on AVP's election list that year was running for office for the first time and did relatively well being AVP's third most popular candidate. Betico Croes would later leave the AVP and found a pro-independence party which would become Aruba's majority party.



Betico Croes

The DP-PPA government was the target of labor and racial rioting in Curaçao in 1969 and was forced to resign. The "revolt" was the result of longstanding racial and labor conflict on that island. In the aftermath, two leftist black power parties emerged in Curaçao: the Labor and Liberation Front (Frente Obrero y Liberacion — FOL) and the New Antillean Movement (Movimiento Antiyas Nobo — MAN). Although the DP and PPA did well enough in the 1969 elections to be able to form a new government with the help of FOL, Antillean politics was undergoing a fundamental change.

The reaction in The Hague to the riots was to begin discussions about the eventual complete independence of the Netherlands Antilles. Both the quasi-socialist Netherlands government and Dutch public opinion were very uncomfortable with having to send marines to Curaçao to maintain order. Discussions were already underway regarding Suriname's independence, and the Antilles were added to the agenda. One parliamentarian in The Hague even suggested that the Antilles be given their independence immediately and via an "airmail letter".

The reaction in Aruba to the events in Curaçao was also one of shock. Aruban society did not have racial conflict to the extent that Curaçao did. Unlike Curaçao, whose population was largely black as a result of Curaçao being a slaving center, Aruba was largely of Arawak Indian descent. Many Arubans, especially in rural areas, held racist attitudes toward Curaçao. Arubans were most concerned about their position in an independent Antilles, especially if a presidential one-person/one-vote system advocated by Curaçao was implemented. The combination of these factors inevitably resulted in the rebirth of the separatist movement in Aruba.

A young activist group within the AVP under the leadership of Betico Croes, left that party and formed the People's Electoral Movement (Movimiento Electoral di Pueblo — MEP). The party's platform, known as "status aparte", argued that Aruba should leave the Antillean federation and become a separate partner in the Kingdom. Aruba could simply take the place of Suriname in the Kingdom Charter. Croes' "status aparte" idea was essentially the same Eman's earlier "separacion".

In the party's first election, 1971, it won a third of the Island

Council seats. With the 1973 "Staten" election, MEP had become Aruba's majority party and joined with the National People's Party (Nationale Volkspartij — NVP) in Curaçao to form the new government. The DP-PPA central government coalition which began in 1954 was finally ousted from power. The dramatic emergence of MEP as Aruba's majority party was due to the popularity of "status aparte" and Betico Croes.

MEP proved to be a difficult coalition partner, after all it was committed to the elimination of the central government's authority over Aruba, and by 1976 the PPA replaced it in the coalition. MEP continued to win a majority of "Staten" and Island Council seats in subsequent elections. With that mandate Croes pushed harder for "status aparte". Delegations were sent to various regional countries, including Cuba, to get support. The Hague and the Antillean government objected to the trips on the grounds that such missions were the jurisdiction of the Kingdom or central government. The Hague refused to discuss "status aparte" with Croes for the same reason.

Croes responded with a general strike in 1977 and threatened a unilateral declaration of independence. The Hague eventually agreed to discuss Aruba's future, but ruled out the possibility of "status aparte". Aruba could become independent on its own or with the rest of the Antilles. The Netherlands was determined to rid itself of all "colonies". Of course The Hague preferred that the islands stay together and attempted to show that an independent Aruba was not viable.

Croes now found himself in the difficult position of having to convince his constituency that independence was a better ultimate goal than was "status aparte" and that an independent Aruba could be viable. The other political parties in Aruba, particularly AVP, which was being revitalized by Eman's grandson (also known as Henny), took advantage of MEP's new direction and challenged the viability question. AVP put the issue in the most basic terms: were Arubans willing to give up their Dutch passports? This issue won the AVP new support.

Croes continued to campaign for independence, but stressed that the necessary groundwork be implemented first. Aruba would not allow itself to be pushed unprepared into independence. The example of Suriname was often cited as what not to do. Consequently, Croes offered the concept of an associated state (Aruba would maintain commonwealth ties with the Netherlands) as the appropriate form of independence. But many saw little difference between this and "status aparte".

Between 1980 and 1983 a series of conferences (the Kingdom Working Group, the Round Table Conference, the Commission of Seven) were held to discuss the Aruba question. The final outcome of the conferences appears to be that Aruba will become independent in 1996 after a ten-year transition period of "status aparte" beginning in 1986. Although most of the details of these two stages have yet to be worked out, the agreement was viewed by many as a major victory for Croes and MEP. The Hague had previously refused to accept "status aparte" even as a transition phase for fear that it would become permanent. Even with independence, Aruba will apparently maintain commonwealth ties with the Netherlands.

Survey of Political Attitudes

Thus far this paper has outlined the political evolution of the independence movement in Aruba. As noted above, the movement began as a separatist movement — Aruba should end its

ties with Curaçao and have direct ties with the Netherlands — and only became an independence movement when "status aparte" was rejected by The Hague. Given the history of the independence movement, an important question for many is whether Arubans really support independence or do they only support "status aparte". This is the main question which the survey attempts to answer.

The survey was conducted in November-December 1982 and consisted of a questionnaire mailed to a random sample of 1,000 voters. Although only 36 percent of the questionnaires were returned, for reasons discussed in the following footnote, those returned are a representative sample of the overall population. Three questions on the survey related directly to the concerns of this paper. The first question asked what should be the final constitutional structure for Aruba. The five choices were: 1) complete independence; 2) associated state — Aruba would be independent of Curaçao and have ties with Holland based on international law; 3) "status aparte" — Aruba would be independent of Curaçao and have ties with Holland based on constitutional law; 4) equal partnership with Curaçao in an Antillean state; 5) part of an Antillean state in which the president is elected by the system of one-person/one-vote. As the following table of results shows, there is some support for independence (especially if we include "associated state" in this category) but substantial support for "status aparte". It is also worth noting that few Arubans want to be part of an Antillean state.

TABLE 1
Desired Constitutional Structure
(rounded to nearest percent)

independence	12
associated state	26
status aparte	52
equal partners	10
president state	1

The second question asked what kind of relationship should Aruba have with Curaçao. The four alternatives were: 1) independence from each other; 2) cooperation as equals in foreign and defense policy; 3) cooperation as equals in foreign, defense, tax, monetary, and judicial policy; 4) keep the current relationship. As Table 2 indicates, the majority of Arubans want the islands to be independent of each other. Those who support some degree of cooperation are divided in two groups.

TABLE 2
Aruba-Curaçao Relationship
(rounded to nearest percent)

independence	56
limited cooperation	22
strong cooperation	20
current relationship	3

Since limited cooperation (i.e. foreign and defense policy) is not incompatible with "status aparte", we can say that less than 25 percent support any kind of constitutional link between the islands. A correlation of the first two questions (Table 3) shows fairly consistent attitudes: those favoring independence also favor independence vis-a-vis Curaçao, while those favoring "status aparte" are open to some cooperation with Curaçao (although a majority of this group still favors few ties with Curaçao). ▶

TABLE 3
Correlation of Q1 and Q2
(rounded to nearest percent)

Q1	Q2		
	independence	limited cooperation	strong cooperation
independence	86	14	—
associated state	62	20	18
status aparte	57	24	17
equal partners	—	22	64

The third survey question asked voters what kind of passport they wanted. The five alternatives included: 1) Aruban; 2) Antillean; 3) Dutch; 4) Venezuelan; 5) other. The results of this question clearly shows that few Arubans are willing to give up their Dutch passport.

TABLE 4
Passport Desired
(rounded to nearest percent)

Aruban.....	27
Antillean.....	3
Dutch.....	68
Venezuelan.....	—
other.....	2

When this question is correlated with the first question, voters' attitudes again appear to be relatively consistent. Those who favor independence also favor an Aruban passport while those supporting "status aparte" want to keep their current passport. Since "status aparte" always meant continued close ties with the Netherlands, this correlation was predictable.

TABLE 5
Correlation of Q1 and Q3
(rounded to nearest percent)

Q1	Q2		
	Aruban	Dutch	Antillean
independence	88	7	—
associated state	36	62	—
status aparte	14	82	—
equal partner	—	81	19

Overall then, the survey results show that the independence movement in Aruba continues to be more of a separatist movement than an independence movement. Aruba's complaint is with Curaçao not with the Netherlands.

A final aspect of this paper analyzes the question of the polarization of the electorate. The leaders of the opposition parties (PPA and AVP) have often stated that Aruban society will become polarized if MEP pursues its goal of independence. Thus we have analyzed the data to see if there is a group whose attitudes differ significantly from the average.

When the electorate is divided in terms of age, sex, education, labor union membership, or race, we find no significant differences in the distribution of responses to the three questions when compared with the overall trends. When the electorate is divided along the lines of income, birthplace, and length of residence on the island we do find some differences. Those in the highest income bracket (\$ 1500 a month or more) as well as those not born in Aruba tend to give greater support to Aruba being part of an Antillean state than does the electorate as a whole (22 percent and 30 percent respectively, versus 10 percent).

Those who claimed that their ancestors arrived in Aruba before 1820 (the first wave of settlers) favored independence to a greater degree (24 percent) than the electorate as a whole (12 percent). (These tables are not reproduced for reasons of space but are available from the author).

With regard to the category of political party membership, we find the most significant differences. This then explains the statements of the opposition parties. For these tables we selected only those who had voted for party X in the most recent election and planned to vote for the same party in the next election. The subsample, which was 80 percent (n = 288) of the respondents, continued to reflect the overall strength of the parties (PPA — 12%, AVP — 30%, MEP — 58%).

As the following series of three tables shows, MEP voters are more supportive of independence than is the electorate as a whole, and PPA voters are much less supportive. AVP voters fall between PPA voters and the electorate as a whole. ▶



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TABLE 6
Desired Constitutional Structure
(rounded to nearest percent)

	MEP	AVP	PPA	Overall
independence	16	5	—	12
associated state	34	23	6	26
status aparte	50	55	34	52
equal partners	—	17	51	10
president state	—	—	9	1

TABLE 7
Aruba-Curaçao Relationship
(rounded to nearest percent)

	MEP	AVP	PPA	Overall
independence	74	36	14	56
limited cooperation	19	28	23	22
strong cooperation	7	32	46	20
current relationship	—	5	17	3

TABLE 8
Passport Desired
(rounded to nearest percent)

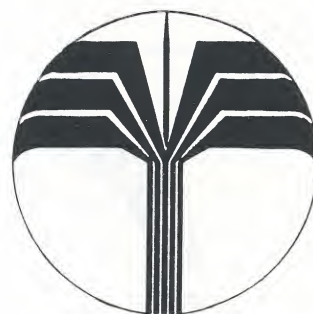
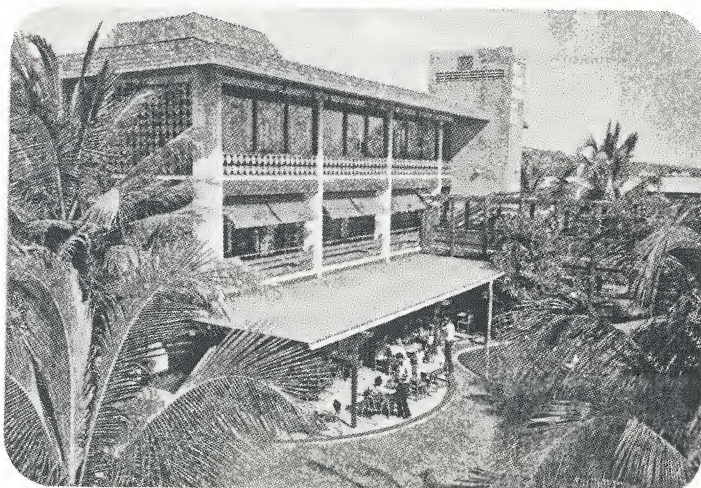
	MEP	AVP	PPA	Overall
Aruban	43	7	—	27
Antillean	—	6	3	3
Dutch	55	84	97	68
Venezuelan	—	1	—	—
other	2	2	—	2

The question of polarization appears to be party-based rather than based on age, race, education, sex, or income. There are significant differences between parties, especially between MEP and PPA. However, one must remember that PPA represents less than 15 percent of the electorate, while MEP represents 60 percent.

In general terms, 90 percent of the electorate support "status aparte" or independence. Essentially none of the electorate want to be part of an Antillean state even if Aruba is an equal partner with Curaçao in that state. Similarly, most of the electorate (78 percent) want little or no formal cooperation with Curaçao. At the same time, however, most of the electorate (68 percent) want to keep their Dutch passports. This may appear to be a contradiction but is really the definition of "status aparte" — that Aruba should be independent of Curaçao, but maintain close ties with the Netherlands. Unfortunately, the Netherlands is no longer interested in such close ties.

The proposed constitutional future for Aruba — "status aparte" from 1986 to 1996 and independence thereafter is compatible with the goals of MEP, Aruba's majority party. However, the electorate as a whole would prefer to stop with "status aparte". Even half of the MEP voters prefer "status aparte" to independence. Thus even among MEP supporters there is serious concern about the viability of an independent Aruba whose economy is now almost entirely dependent on tourism. Perhaps what might occur is that as 1996 draws near, Aruban political leaders will attempt to extend the "status aparte" transition period by several years, or even attempt to make it permanent. ■

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THE POLITICAL SYSTEM

A CRITICAL ASSESSMENT

The abstention percentage at Curaçao's polls has increased at an alarming rate during the past decade. All indications point in the direction of a continuation of that trend. Disillusionment with the individual politicians and the system in general appear to lie at the bottom of this democracy eroding phenomenon.

This in brief are the conclusions of a university conducted research in three of Curaçao's lower income districts. They confirm the general mood now that the economy is showing signs of an impending crisis. What was tolerated at a time of relative affluency is presently regarded as one of the main obstacles to get to grips with the problems confronting the island. Incompetence at the executive level, self-

The worrisome findings were recently published by the University of the Netherlands Antilles (UNA). Eighteen students (3rd year) of the socio-economic faculty conducted the survey using a carefully prepared list of questions to sound out voters' conduct. Although university tutor, dr. Peter Verton, who headed the project, admits that some of the conclusions also reflect opinions of the research team, the total outcome should be considered reliable. The community in general and the political parties in particular would do wise to heed the implied warning.

Mood

During the fifties and sixties an average of 90% of the electorate took part in the



Students

ish motives and the failure to get results is what the politicians are scolded for. Many feel, moreover, that something is wrong with the system itself. Apart from voting the electorate has little means to exercise influence on the decision-making process. People feel left out and as a result lose interest.

island or national elections. The turning point came in 1969 when 14% stayed home. In 1975 the figure went up to 20% and reached 30% in 1979. At the last elections in 1983 a record of 32% decided not to make use of its right to vote! The question the research team asked itself was: what is wrong with our political system

and what can be done to bring about a change for the better?

Interviewing 336 men and women divided over different age groups the team found that the rate of abstention would go up further if elections were held today. It also discovered that non-voting is most prominent in the age-group under 40, amongst males, the lower income groups and those with an average of three years of high school education (MULO/MAVO/LBO).

Although a number of reasons for non-voting were recorded, the general mood became very evident. On the one hand there is widespread disappointment with the personal quality of the politicians. Hollow promises and a self-centered motivation is what they are accused of. On the other hand the perceived failure to find solutions for the many problems the island is confronted with and the inefficiency of the government in general, are making people weary with regard to casting their votes. If changes could be brought about in these respects, many said they would partake again in the electoral process.

Mistake

These findings have prompted the team to forward a number of interesting suggestions. It is first of all observed that the appointment of political candidates in executive positions once their party has won may be a procedure based on wrong assumptions.

Victorious parties usually take it for

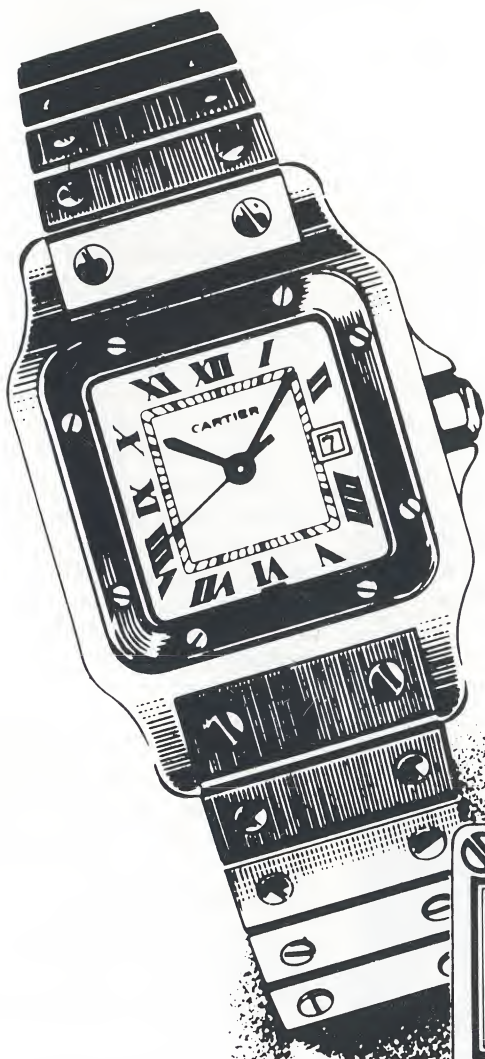
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granted that the electorate wishes to see their candidates appointed as deputy or minister of state. The team questions the correctness of this assumption. Parties are voted into power in order that their policies may be enacted. The complexity of problems at the executive level requires in-depth knowledge and managerial experience. Candidates for the island council or the national parliament need not necessarily be endowed with these qualifications. It is therefore suggested that parties start appointing qualified people in the executive positions which in turn would enhance the controlling function of the parliamentary bodies.

The team may be right. Most analyses of the present problematic situation on the island point at government as the main obstacle to change the course of events. The relatively large reservoir of know-how on the island seems to remain untapped for the purpose of running the island. This, no doubt, should change.

Methods

Other suggestions are of a more structural nature. A high percentage of the interviewees (72.6) expressed their disagreement with the fact that the party which won most votes was kept out of government by the other parties forming a coalition. A large majority (83%) prefers electing the island's lieutenant governor above the present procedure of appointment by the crown. Others suggest that the system of proportional representation allows for too many parties taking part in elections and government. Discontent, the team concludes, concentrates on these structural issues. It suggests that majority representation might make for more effective government. Such a change of system might also cure another problem. Because all governments in the Antilles both on the national and island level are by necessity of a coalition nature their life span tends to be short. Add to this the dual system of elections (island and national level) and the result is that voters are called upon every two years at least to go to the polls. The negative effect on voters' conduct of this wealth of elections should not be underrated.

Again the team suggesting the need for structural changes may be right. The present system is more or less a copy of the Dutch one. But as is pointed out in the research report's introductory remarks, the Dutch developed their system in

accordance with their own typical political climate. Proportional representation was a logical choice (in 1917) because of the religious segmentation of the population. But that situation is not found in Curaçao. The method of presenting voters with a party-list of candidates is also very Dutch, where voters express their preference for parties rather than individual politicians. Candidates are voted for because they represent the norms and values of their party. But in Curaçao the differences between the parties are not so ideological. Voting is much more person directed. Consequently the question is raised whether the present system allows enough room for this different approach. When 52.3% of those interviewed reply in the negative to the question whether they consider the present system of parliamentary democracy a satisfactory system, something seems wrong indeed.

Surprise

One finding at least surprised the researchers. Many of the interviewed people appeared to have little knowledge of the political system in general. In their report they urge the educational authorities to give proper attention to this phenomenon. Several other results confirm a number of popular but hitherto unproven assumptions. Independence is favoured by only 25.8%. The press is accused of

abusing the principle of freedom of the press by no less than 66%. Just over 70% are of the opinion that trade-union leaders concern themselves with (political) issues they should keep away from. Although different conclusions can be drawn from these data, it is clear that the political life of the island is far from healthy. ■

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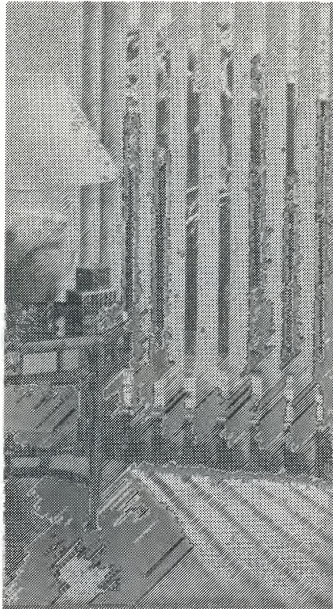
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ADMINISTRATION OF JUSTICE

by *J.M. Reijntjes*

For the Antilles 1985 will be a most crucial year. Not only because we will have a clearer picture of the economic crisis we are heading for — perhaps it will still be too early for that —, but especially because before the end of the year the partition of property between Aruba and the other five islands will have to take place. As from the beginning of 1986 Aruba will go its separate way and before the partition can become a fact many decisions in different fields will have to be taken, the effects of which will be felt for decades. Numerous knots, at present seemingly unravellable, will have to be untied. One of those is the administration of justice.

The situation now

The civil and penal administration of justice are organized in the following manner. There is one Court of Justice for all of the Antilles, with venue in Curaçao. However, sittings can also be held on the other islands. The prosecution of penal cases is in the hands of one Attorney-General, also with venue in Curaçao, who falls under the Minister of Justice. The Court is the Judge of Appeal. The administration of justice in the First Instance is not done by a separate court (the Antilles are too small for that), but by Judges in the First Instance, detailed thereto by the Court.

Prosecution in Aruba is effected by the public prosecutor, having his venue there, and on the other islands by his colleague from Curaçao. Both public prosecutors are subordinated to the Attorney-General. In addition there are separate courts of justice, partially manned by the same functionaries, e.g. for tax cases, civil servant cases and military penal cases, while there are still other instances to take care of disciplinary jurisdiction, e.g. for the military, for physicians and for education.

As a matter of fact for a long time a need has been felt for amending the entire sys-

tem. In the first place it is too opaque. Also one might ask what end is served by so many different judges in so small a community like the Antilles. Besides, it has become evident that many forms of administration of justice in practice do not function properly. This is not only caused by inadequate legal regulations (like e.g. in tax cases), but is also a consequence of the small scale situation, with as result not enough distance between the judge and the citizens. This is especially true in disciplinary jurisdiction. For years the Roman Catholic School Board has been requesting that the disciplinary jurisdiction in education cases, now taken care of by an Appeals Committee, be placed in the hands of the ordinary judge. In March 1984 it submitted a petition to parliament, in which it requested this explicitly and not for the first time either. Furthermore an investigation conducted by a student at the National University clearly demonstrated that disciplinary administration of justice in the medical field is only a farce.

On the other hand very few people have doubts about the quality of the Court of Justice. Taking all this into account one wonders whether it would not be better, now that the judicial system has to be changed anyway in connection with Aruba's separation, to stipulate everything once and for all in a correct manner, bringing all the different forms of administration of justice under one organization,

with the Court as cornerstone.

Aruba's separation makes the matter more complicated. If the signs are not deceiving, the Arubans — in any case for the time being — will maintain the Antillean codes of law, but will entrust the application thereof to a Court in the First Instance and a public prosecutor of their own. A Court of Appeal will be opened either at the Court of Justice of the six islands together (the most likely solution) or at the Court of Justice of the Five (Curaçao c.s.). But by whom will Aruba's judges be appointed?

At present this is done by the Crown, which in practice means "the Government of the Kingdom of the Netherlands". This gives enough guarantee against possible blunders. But after Aruba's independence, as things stand now scheduled for 1996 at the latest, this will no longer be the case. Must the appointment then be left to the government of the (future) country of Aruba? And will this be acceptable to Holland, which will still be supplying most of the judges? Furthermore, in the Aruban situation the argument already mentioned with regard to the present Antilles of the six will carry still more weight, viz. that the different forms of "special" administration of justice, particularly disciplinary justice, do not function properly. Bringing the different kinds of administration of justice under one organization seems to be even more pressing for Aruba than for the remaining Five.

Two attorney-generals

Particularly the problems connected with the prosecution of penal cases are quite delicate. Besides its own Court in the First Instance Aruba will also get its own public prosecutor. It is not surprising



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that next to those it also wants its own Attorney-General. For if not, then the Attorney-General would be subordinated to the Minister of Justice of the Antilles of the Five, in Aruba's eyes a foreign Minister, and would be the personification of the judiciary policy of the Five and not of Aruba. Making the Curacaolene Attorney-General at the same time subordinated to the Aruban Minister is evidently very difficult. No one can serve two masters to the satisfaction of both.

The question is to what extent the Minister of Justice can actually give orders to his Attorney-General (and through him to the public prosecutor)? He can and has to delineate the general policy, certainly. But is he also authorized in concrete cases to give orders whether or not to start legal proceedings against someone? Experienced jurists give a negative reply to this question, but there is no consensus and precisely in Aruba there is doubt and disagreement about the correct answer. The negative answer is mainly inspired by the existing fear that undue preferential treatment will be given to political cronies and other friends. The smaller a community, the closer everyone

concerned is to each other, the greater will be the danger that there might be bias (often probably not even consciously). Therefore it seems important for Aruba, but also for Curaçao, to reach an agreement in this matter.

It would suffice to stipulate that the Minister does have the power to order prosecution (after which the Judge will decide), but that he cannot prevent prosecution from taking place. This in any case will give the Attorney-General the possibility to function independently of other interests. Whether he will always do so (for many a civil servant the minister's wish is their command) is another matter entirely. The question by whom the Attorney-General will be appointed therefore is just as important as the question by whom the Judges will be appointed.

A well-regulated judicial system presupposes a well-functioning police force. Without an effective supply of penal cases and without respect for the rights of the citizens even in the lowest echelons of the official hierarchy, the public and the judge will be powerless. But I already touched upon that subject in my article published in AR volume no 5.

During a congress organized by the National University in December last year the audience was confronted with another question. As a guarantee for the high quality of the administration of justice the Antilles also know a cassation Judge in addition to the ones already mentioned. The High Court of the Netherlands functions as such, just like the British Privy Council for Jamaica, Trinidad and Tobago etc. But must this also be maintained in the future? Both in Aruba and Curaçao a considerable majority of those present gave a positive answer to this question. Remarkable, however, were the doubts expressed by the key speaker at the congress, the Attorney-General at the High Court.

Probably the crucial question is not whether the Antilles wish to maintain the High Court, but rather how long the Netherlands c.q. the High Court will (morally and actually) want to bear the responsibility for the administration of justice in the Antilles. The answer to that question largely depends on the way in which the Antillean judicial system and everything connected therewith will be structured in 1985. ■

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CURAÇAO WAS THERE A MISTAKE?

by Michael Hopkins, (ITEO)

Following a presentation that I gave on the economy of Curaçao in November, 1984, an astute radio journalist asked me what I thought had been the biggest mistake Curaçao had made that had led the economy into its present poor situation. In that presentation I had traced the economy of Curaçao since 1979 and given some forecasts for the four years ahead. I had also analysed the major problems of Curaçao and suggested some investment options for the future. A summary of some of these ideas can be found in my articles in the two editions of the Antillen Review that precede this one.

When one is confronted with such a provocative question—one can either develop a fit of uncontrollable coughing or, most risky, try to answer intelligently. Since the reader cannot hear my coughing and I now have the advantage of print, I have had to try the latter. Individuals in key positions are often blamed for events outside their control. The mere fact that all the key sectors of the Curaçao economy have been hit at the same time suggests that the problem cannot be attributed solely to one individual, event or decision. It is more likely that there are deep structural socio-economic problems on the island and in its international environment, one of which I dealt with in the 1984 Sept-Oct issue of the Antillen Review. There I listed what I thought were the comparative advantages and disadvantages of Curaçao compared to its neighbours.

Lack of planning

If you believe that people control their own destiny then they must be able to organize their own future, and therein I think may lie a partial answer to the question: what was the biggest mistake that Curaçao made in the past? Simply put, there was no (or not much) forward planning. The reason was probably because

the economy flew along at a rapid pace in the past thanks to the oil refinery and the offshore sector; aid also flowed generously from Holland. The main problem of government was how to spend all the new found riches, and even though this was a planning problem it was not recognised as such. Nor was much thought given to creating and servicing the institutions vitally required to provide the government with the necessary early warning system.

The consequences of the absence of planning, or forward thinking, is there for all to see. The necessary information required to monitor the economy's progress is sadly lacking. Since 1980, no national accounts for such essential indicators as the rate of growth, the level and direction of investment, the relative performance of different industrial sectors, trends in labour costs etc., have been published. Hence policy makers and decision takers

cannot take action based on the most recent and reliable information. It is simply not available. Further, prospective investors cannot be given comprehensive information on trends in the economy, or on the most profitable sectors or the growth potential of local markets.

Documented

According to a recent World Bank report (1), the problems of planning without facts have been well documented. This lack proved particularly damaging when oil prices rose sharply in the 1970s, because few developing countries had the data they needed to reassess their energy requirements and to develop conservation programmes. And the whole world has now learned of the dangers of ignorance about a country's financial position. In several countries — notably Indonesia, Mexico, and Turkey — the external debt

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crisis was compounded by the lack of comprehensive data, especially on private debt (which had been growing more rapidly than anyone had realised). In the Netherlands Antilles the Central Bank keeps a close watch on the external debt situation but there is not much they can do to monitor the individual island finances. This is more of a problem in Curaçao than the other islands.

At the individual project level, the absence of effective monitoring and evaluation procedures has hampered mid-course corrections and has made it virtually impossible to feed back information that could help in the design of future projects. An exercise we (SEP/ITEO) carried out in Curaçao to assess status on major projects showed us that Curaçao has not been able to properly monitor and control projects.

The absence of planning, to date, has meant that politicians have not well thought out alternatives when, as now, crises emerge. Politicians and their civil service advisers are forced to act like firemen, rushing to the scene of a new fire even before the previous one has been put out. Two cases in point have arisen recently.

Case histories

First, when the Prime Minister asked for an emergency report on measures to be taken in the light of mounting deficits on the government account and a worsening balance of payments, a group of civil servants were quickly brought together to report within a week on a package of policy measures. The experts, through no fault of their own (indeed the convenor of the group has made a large contribution to knowledge about businesses in the Antilles through a survey he organised on a regular basis), were not able to carry out their tasks to the high standard they would have liked due to lack of national account data and previous forward planning. The group recommended as a priority a reduction in labour costs in the economy of the order of 15%. They lacked key data on wage and labour costs in the economy and a comparison of this with other competing economies. This meant that any percentage figure for wage reduction to make Curaçao internationally competitive could not be known to that group (or any other) because they lacked two pieces of information — namely Curaçao's wage costs and those of their competitors.

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Thus, although the group is undoubtedly correct in the need to reduce costs in the economy (rather than devaluation which may, as the IMF pointed out, have to occur if labour and other costs are not reduced) they had great difficulty in providing hard evidence to justify the amount of cost reduction needed. This may mean that the required measures may not be taken and could lead to a devaluation after all.

Second, in response to four conditions set by Shell for their continued presence in Curaçao, the island government had prac-

tically no preparatory analysis available nor much in-house experience to allow it to assess the four conditions in the time available. Its response has been to quickly create a number of committees to examine the situation. This is all to the credit of the island government, yet the absence of substantive previous work on, for example, the benefits and costs of government participation in the Shell refinery is not conducive to prompt and accurate decisions.

These two illustrative examples are by

no means exhaustive. The lack of planning in Curaçao in the past has led to a considerable amount of duplication of tasks, poor organisation of the civil service and consequent low morale of staff giving rise to absenteeism. Without clear guidance for planning and the allocation of tasks within a government that is frequently forced to run from putting out one fire to another, confusion sets in amongst its civil servants. This, in turn, leads to many questions of clarification of tasks to politicians, who then find that they have no time to withdraw a little from the whirl of everyday life and reflect on the underlying major problems of their economy. The following quotation may well reflect what is going on here in Curaçao:

"That's not my job!"

This is a story about four people named Everybody, Somebody, Anybody and Nobody. There was an important job to be done and Everybody was sure that Somebody would do it. Anybody could have done it, but Nobody did it. Somebody got angry about that, because it was Everybody's job. Everybody thought Anybody could do it, but Nobody realized that Everybody wouldn't do it. It ended up that Everybody blamed Somebody when Nobody did what Anybody could have done.

(Author unknown)

Flexibility

Planning, however, is not popular amongst many politicians in charge of mixed economies because it conjures up images of state control with all that that implies. However, planning involves anticipating the future and formulating systematic programmes of action to attain desired democratic goals; it is not limited to totalitarian or socialistic solutions. Any country is engaged in development planning if the government is making a conscious and continuing attempt to increase the rate of economic and social progress, and to alter those institutional arrangements which are considered to be obstacles to the achievement of this aim.

Sweden, Japan, Barbados, West Germany and France, amongst many others, are all users of planning; the first two have been rather successful and the others have done quite well. Notable in its aversion to planning has been the United States, yet its growing budget deficit is an example of poor planning in the past. In actual fact, although not recognised as such, the work

of David Stockman in preparing budgets for President Reagan is the work of a planner. He, as is well known, predicted large budget deficits as far back as the first months of Reagan's first term of office as President in 1981.

Since planning involves the economizing of scarce resources, in that sense, all governments engage in planning; all budgets are plans as are military or corporate action plans. The Shell company of Curaçao produces corporate plans on a regular basis and this is likely to give them the advantage in the forthcoming negotiations with the Government because they are better prepared.

Curaçao is, of course, highly dependent on external events. Yet there are many things that it can do to present an attractive face to the outside world. Its vulnerability to events outside of its control should have made its institutions extremely flexible and diversified so as to respond quickly to a rapidly changing international environment. One suspects that this is not the case. Such choices may be revealed by planning.

Diversification

The options open to Curaçao as we begin 1985 are rapidly diminishing, particularly because it knows that the flood of offshore profit taxes into the government's coffers will start to peter out over the next couple of years. Bold action is urgently required to make sure that existing financial inflows are carefully husbanded. Clear goals must be set for the society over the next 5 years. Amongst the

major objectives could be a commitment to diversify the economy. Major initiatives are needed in tourism to treble or quadruple the number of jobs offered. Small industry must be stimulated, possibly through expanding the capital base of the Development Bank. In all cases new developments must use the comparative advantage of Curaçao. It is no use, as I argued in the last issue of the *Antillen Review*, to begin industries that immediately need protection from international competition, for these are the companies that will be back in a few years asking for even more handouts from the Government. Finally, since services are the basis for the future of Curaçao, no stone must be left unturned that will increase the efficiency of this part of the economy.

A start has been made in preparing a medium term plan for Curaçao (1986-1988) by the Socio-Economic Planning Bureau (SEP) of the island government of Curaçao. Let's hope that other government departments will see the need for such a plan and that in 10 years time the answer to the question "What went wrong in the middle 1980s?" will not be "they did too little too late!" ■

Notes:

(1) Ramgopal Agarwala: "Planning in Developing Countries — Lessons of Experience", World Bank Staff Working Papers, Number 576, Dec. 1983, Washington, D.C., U.S.A.

(2) The views expressed here are personal and not necessarily those of ITEO (Institute for Applied Economic Research), or SEP (The Socio-Economic Planning Bureau of Curaçao), to which the author is economic adviser.



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MEDICINE FOR A SICK INDUSTRY

by Nancy Siegenthaler

It wasn't long before Willemstad's merchants and cab drivers reached the desperation point. One year after the value of the Venezuelan bolivar plummeted, occupancy rates in several Curaçao hotels were at an all-time low, bankruptcies continued to mar Punda's colorful shopping district, and the sales in many surviving shops dropped 70-90%. Merchants and taxi drivers alike went to the island government for help.

»They said they couldn't live on what they earned«, said Gezagebber (Lieutenant Governor) Ronald Casseres.

»The devaluation and its sudden effect (the abrupt disappearance of Venezuelan tourists) stunned the shop owners«, he said. »They were in a panick, and the government realized that the panick could turn into a crisis situation«.

»We're in a crisis now«, said Stephen Geller, Managing Director of Jose Faerman Department Store, and member of the Sociedad Di Comerciantenan (Society of Merchants).

»Imagine if a city of seven million people ceased to exist, right next to your shopping center«, he said. »This, essentially, is what happened to us, from one day to the next, with Venezuela. I believe a fair and reasonable definition of a crisis is where we are right now«, he said. »We are in a crisis situation«.

Casseres did not appoint a special commission to look into what the merchants and cab drivers presented to him — he took immediate action. He called together representatives from every tourist related business on the island to prescribe a quick dose of strong medicine for the ailing industry. What emerged — just in time for the 1984/85 winter season — is the Travel Power Plan — a slick, discount package aimed at making Curaçao appetizing to merchandise-hungry, Caribbean and South American shoppers.

»We asked the ALM to report to us on

the possibility of giving low fares to attract tourists«, said Casseres. »We asked the hotels, 'Can you give attractive prices for rooms?' — and the hotels came back with something. We asked the taxi drivers and restaurants, what they could come up with in the way of discounts to attract more tourists who would most likely be shoppers. The banks asked, 'Why don't we accept the currency from these countries to make an incentive?' Everyone involved came up with something«, he said. »And it didn't cost anything. The entire venture was voluntary«.

Incentive

Voluntary discounts are the Travel Power Plan's active ingredients. ALM, the national airline, cut airfare and baggage rates to and from South and Central



R. Casseres

America, and from some Caribbean destinations, by more than US\$ 200. Curaçao's hotels are giving 25% discounts on food and lodging to »Travel Power Card« holders, and more than a hundred shop owners are discounting merchandise 10-15% for shoppers on the Plan. Participating cab drivers advertise their »Travel Power« stickers on their cabs' rear windows, and restaurants and tour operators

are also offering 20% discounts to »Travel Power« guests.

But the discounts aren't for everyone. The Travel Power Plan is marketed by ALM (the Curaçao Tourist Bureau also promised to promote it) only in designated countries. Tourists are individually wooed from Argentina, Brazil, Colombia, Venezuela, Surinam, Trinidad and Tobago, Barbados, Puerto Rico, the Dominican Republic, Haiti, Jamaica and Mexico. Tourists from these countries are Curaçao's immediate hope for relief from its tourism slump, said Casseres, because they come to buy in volume.

»Those we try to attract here are really buyers«, said Casseres. »They come here to shop — and to resell«. Such tourists don't stay long, said Casseres, and they look for bargains in hotel rooms, meals and transportation. As for the Venezuelans, he said a plan to exempt those bound for Curaçao from paying the Bs. 400. airport tax in Caracas is being negotiated.

Currencies

Some marketing research is also being done, he said. Certain luxury items that are cheaper in Curaçao because they are heavily taxed in the countries involved in the Plan, could be advertised in those countries to attract more shoppers. According to Mr. Eldon Fangman, Manager of the Curaçao Plaza Hotel, it's nevertheless, against the law in some countries to advertise one of the Travel Power Plan's greatest attractions — the unconditional acceptance of the shoppers' native currencies.

From the time they arrive at the airport, to their departing flight, payment can be made in pesos, cruzeiros, TT dollars, or gourdes. The catch, for the visitor, is that they cannot simply exchange their monies at a bank: they have to spend it.

In turn, Curaçao cabbies, merchants, restaurant owners and hotel managers deliver the »odd« currencies daily to Maduro & Curiel's Bank, or to ABN (Algemene Bank Nederland), where they are guaranteed a fixed rate of exchange for 24 hours. The acceptance of these odd currencies took a bit of careful maneuvering (see box), but Maduro & Curiel's spokesman emphasized that Curaçao businessmen carry no risk when they accept the currencies from Travel Power Plan guests. ▶



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Conveniences aside, the Travel Power Plan's promoters seem to be banking on Caribbean and South American citizens' willingness to part with their money in increasingly, unpredictable economic climates at home. Will a discount gimmick overcome these insecurities, to revive Willemstad's listless cash registers? The reactions are mixed.

"I think it'll work", said Fangman of the Curaçao Plaza Hotel, where the majority of the Travel Power Plan visitors will stay. The acceptance of the visitor's native currencies in the hotels, he said, is an important attraction.

"The shoppers from Haiti and Trinidad are no longer going to Panama", said Dennis Lobato, Coordinator of the Travel Power Plan. "It's too expensive to go there, and they're not treated well. They're coming to Curaçao instead".

"I have a fair amount of reservations about the excitement others have that this will be an answer to ... our problem", said Mr. Harold Kurtzke, Manager of Holiday Beach Hotel. The Holiday Beach, whose occupancy rate dropped about 20% in 1984, hosted 15 people on the Travel Power Plan in its first month of operation.

"We don't believe that the buying tourist is the long-term solution", said Gezagebber Casseres, the architect of the Plan. "But to fill a gap, we must try to find a substitute for the Venezuelan tourist".

Patience

The Travel Power Plan has already appeared on television in the Dominican Republic, he said, and is already well-known in Trinidad.

"But you can't measure the results yet", he said. "The Plan is so new. We

must give it at least three months to get on". Casseres did not hide his annoyance with Willemstad's merchants, who he said, are neither enthusiastic nor patient. They are prematurely complaining, he said, that nothing has come of the Travel Power Plan yet.

"To measure enthusiasm with the merchants is to measure the sales", said Geller of the Society of Merchants. "Nothing is as enthusiastic as a merchant who has a full cash register at the end of the day. We all have to be patient", he said. "But I have had no feedback about resistance to give discounts, better service, and smiles".

"None of us know if the Travel Power Plan will be a success or failure", said Geller. "But a success or failure is secondary to the fact that the Gezagebber showed an initiative to ask for our advice. This marks the first time in my memory that we (the Society) have been permitted to participate in an initiative like this, and for that reason, we have dedicated ourselves to do the best we can for its success".

"But if it fails", he said, "We will all learn from it that we can come together, cooperate, and set up a unified set of plans for the best of the country".

It is normally a nation's Central Bank that supervises the spending and accumulation of foreign exchange. But the Central Bank of the Netherlands Antilles, according to Gezagebber Casseres, is not equipped to deal in all the odd currencies brought here by Travel Power Plan guests. It deals only in U.S. dollars and Antillean guilders.

Even if the Netherlands Antilles' Central Bank was equipped to deal in odd currencies, it would still be constrained to deal only with the official, Central Banks of other nations. And the Central Banks of

the countries involved in the Travel Power Plan are reluctant to exchange their currencies with the Antilles' Central Bank, according to Daniel Krijt, Assistant Fund Manager of Maduro & Curriel's Bank. Krijt said the reason for their reluctance is that Central Banks are obliged to buy back their currencies at their official rates of exchange. A country's official exchange rate is set by its Central Bank for the benefit of its domestic economy, which it controls. In some cases, the official rate is set artificially high (for domestic purposes) compared to what those particular currencies would normally fetch in the Free Market. Buying back their currencies at the official rate rather than the lower, Free Market rate, would consequently, be a losing deal for such Central Banks.

"Those Central Banks are not willing to exchange their currency with the Netherlands Antilles' Central Bank at the official rate", said Krijt. "They won't do it. It's left to the commercial banks to go to the Free Markets to trade these currencies".

According to Krijt, it takes about three days to accumulate US \$ 5,000 worth of odd currency before it can be traded. What happens if the value of a particular currency falls in the Free Market, within a three-day, accumulation period? — Maduro & Curriel's and ABN would withstand the loss, said Krijt, except for the cushion called the "Risk Fund" that was established for such occasions. Comprised of donations from both Maduro & Curriel's and ABN, the island government of Curaçao, and the Chamber of Commerce, the Risk Fund would also be fattened in the event that any of the odd currencies rise in value during the accumulation period. ■

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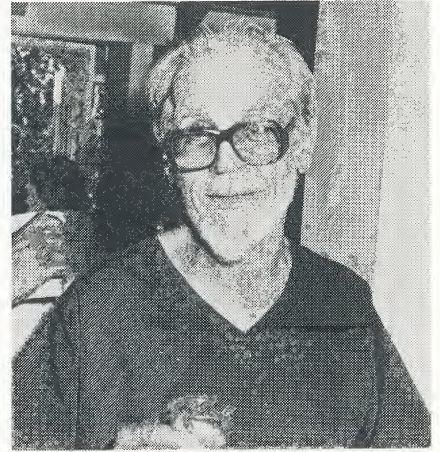
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CONVERSATION WITH A FATHER-ARTIST

by Sybren Paul



A well-known Curacaolene artist — now no longer with us — once told Father Brenneker: "If you have not worked out an idea in your head, don't start to carry it out". This advice has always remained "holy" to Brenneker. Every time he gets an idea for a drawing, whether as a result of a conversation, an article or just as an inspiration caused by one thing or the other, he will allow the idea to ripen. Not until the picture is "finished" in his imagination, will he proceed to put in on paper. Because of his lack of technical know-how this technique of ripening of ideas is an absolute must for Brenneker. As an artist - craftsman he considers himself a primitive.

What part is inspiration and what part instinct, he does not know the answer. An idea will unexpectedly occur to him.

Allowing it to take form in his mind, he at the same time evaluates the technical possibilities, and insofar as he is able to measure them they are incalculated. It is for example a known fact that Brenneker is not afraid to take it upon himself to do the most difficult tasks. "I tremble so when I dare do anything". Those notions "tremble and dare" slowly take shape and in trying to give form to them he holds his pen at the utmost end and shakily draws a

self-portrait. In that way form and content slowly glide towards each other.

It is not possible to talk to Brenneker about art, his art, without his personality revealing itself strongly. And there is always something new, something by which he is driven (*amor Christi urget nos!*). At the moment the central theme is the theology of the street. He watches closely the morality and ethics of the very humble, those with little opportunity in life, the oppressed, just anyone, and notes down all his findings. According to him the church not only has an official face, but also lives among the simple of spirit. He records the truth of the latter as pure thoughts, that may well fill the "great of the earth" with awe.

Getting older — Brenneker has reached the age of the strong — he thinks that you can handle aging in three ways: you can (let yourself) deteriorate in slippers and glasses of rum to pass the time; you can also try to stay involved, to read everything and try to digest that in your mind; as a third choice — Brenneker's choice — he mentions paying extra or double attention to those values that have been proven important to you with the passing of years.

That the election of values is a subjective matter, he waves away. The theology of the street tells him again and again what

the real values in life are. More than 30 years experience as a priest allow him to relive things that happened in the past. The important thing is — in listening to others — to hear how they managed to be happy, how they fixed it. The totality of existence has values that are equal and constant. Not in the sense of novels (for in that case reading novels would suffice), but in your, my, or everyone's own way: life, death, love, God or coincidence, if you don't want to give Him another name, etc.

This manner of existence is consequently always present in his pictures, and the expression of values renders Brenneker's pictures art with an objective and certainly not art for art's sake. Even drawing the leaflets of a big tree in all their simplicity has as objective making people conscious of the beauty of nature. But often there is a more pregnant meaning, e.g. Brenneker hates lies and he wants to express things in all their sharpness. Politics (a favourite subject because of the facade people it creates, for what politician can simply say what moves him or her?) in his eyes is so twisted that even politicians are not able to say where exactly their truth begins and ends. He likes to expose this powerlessness. Initially the three amorphous figures in the political drawing depicted here had seven legs together; and the author of this article thinks it is a pity that erasers exist, for that also is a form of powerlessness.

Brenneker wants to draw attention to himself as a preacher. Not because this would make him better than others. He completely discards this idea. But as a priest he experiences his calling as belonging to the group of the chosen, the apostles sent out to preach the glad tidings. And he wants to do so with authority (authority in the authentic sense of having


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something to say). He goes so far as to state that he would like to be a dictator (that is someone who gives the orders) to be able to use all those millions that are being squandered or not used at all to take care of displaced persons and for all those who through no fault of their own have not (yet) been able to develop themselves fully.

"Art, ah what art! If my drawing is not strong enough, I will add to it the words that will make the meaning clearer. Be it in poetic form or by adding a good thought. As long I am understood!" he says.

The approaching end of his life on earth does not fill Brenneker with fear. The only thing that he is afraid of is deterioration and being dependent on others. Of all the battles he has fought, this one is the most difficult, because it is not a fight for others, but with himself. Nevertheless, I understand without him saying so literally that he dares to envisage the possible decay of his own versatile personality with trust in Christ.

Brenneker is not an artist who will be entered in the Book of Eternal Beauty because of his work. He is primarily a champion in the art of living and in being so radicalism is an important quality. Because of this a lot of people are probably scandalized by him. But — friend or foe — nobody can help but recognize his integrity, and of the hundreds of truths recorded by him in his drawings many have met with wide response. In this way Brenneker has become a creator of popular art. ■



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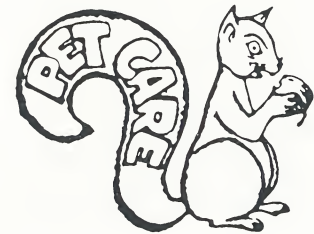


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Published by:
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Cas Coraweg 85
Telephone: 77454-674524
Curaçao
Netherlands Antilles

Editor:
Roger F. Snow

Photography:
K. Wong

Advertising:
Mrs. N. Franco
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Curaçao
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Subscription Rates:
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Production:
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Printing by De Curaçaosche Courant
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